

# Resilience and Continuity

SKCU Celebrates 40



ANNUAL  
REPORT 2021



## Resilience

A certain toughness in one's psychological and emotional outlook; an ability to pick oneself up when life throws us difficulties and carry on regardless.

## Continuity

The unbroken and consistent existence or operation of something over a period of time.

**40.**  
**years**

# Profile

## REGISTERED NAME

Date of Registration as the Basseterre  
Co-operative Credit Union

**Date of Name Change to the  
St. Kitts Co-operative Credit Union Ltd**

Membership as of the end of 31 December 2021

### Share Capital

Total Assets

### Total Loans

Total Deposits

### Total Comprehensive Income

Number of Employees

### Insurers

Lawyers

### Auditors

Software Providers

### Bankers

Regulator

## ST. KITTS CO-OPERATIVE CREDIT UNION LTD.

1 July 1982

11 March 1986

18,639

10,478,570

204,579,426

132,207,210

162,433,341

2,857,252

43

TDC Insurance Co Ltd.  
National Caribbean Insurance Co Ltd.  
Pan American – Life Insurance Ltd.  
NAGICO Insurances Ltd.

Johnson and Associates Law Firm  
Dentons  
Hobson-Newman & Amritt

Grant Thornton

Millennial Vision Inc and CruiseNet

St. Kitts-Nevis-Anguilla National Bank Ltd.  
Republic Bank (EC) Ltd  
Nevis Co-operative Credit Union Ltd.  
Police Co-operative Credit Union Ltd.

Financial Services Regulatory Commission (FSRC)

**All amounts are expressed in Eastern Caribbean Dollars**

# Vision

To build generational financial partnerships on the foundation of exceptional customer service.

# Mission

Empowering our members to improve their quality of life through holistic financial engagement.

# Credit Union Prayer

Lord, make me an instrument of Thy peace  
Where there is hatred, let me sow love  
Where there is injury, pardon  
Where there is doubt, faith  
Where there is despair, hope  
Where there is darkness, light  
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.

*Prayer of Saint Francis of Assisi*

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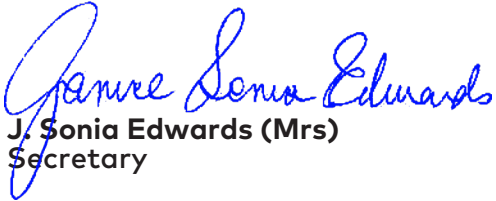
# Standing Orders

1. A member may only address the meeting through the Chairperson and must stand or raise his/her hand on the virtual platform when addressing the Chairperson.
2. Speeches are to be clear, concise and relevant to the subject before the meeting.
3. A member shall only address the meeting when called upon by the Chairperson to do so, after which he shall immediately take a seat or lower his/her hand.
4. A member shall not speak twice on the same subject except:
  - The mover of a motion, who has the right to reply.
  - In order to object or explain (with the permission of the Chair)
5. The mover of a procedural motion (adjournment, lay on the table, motion to postpone) has no right to reply.
6. No speeches are to be made after the "Question" has been put and carried or negated.
7. A member raising a "Point of Order" must state the point clearly and concisely. (A "Point of Order" must have relevance to the "Standing Order".)
8. A member shall not call the Chair to order and should not "Call" another member "To Order" but may draw the attention of the Chair to a "Breach of Order".
9. A "Question" should not be put to the vote if a member desires to speak on it or to move an amendment to it, except that a procedural motion may be moved at any time.
10. Only one amendment should be before the meeting at any given time.
11. When a motion is withdrawn any amendment to it fails.
12. The Chairperson has the right to a "Casting Vote."
13. If there is equality of voting on an amendment and if the Chairperson does not exercise his casting vote the amendment is lost.
14. Provision is to be made for protection by the Chairperson from vilification (personal abuse).
15. No member shall impute improper motives against another member.
16. Special guidelines will be given by the Chairperson to those attending virtually.

# Notice Of 39th Annual General Meeting

Dear Member,

Notice is hereby given that the Thirty-ninth (39th) Annual General Meeting of the St. Kitts Co-operative Credit Union Limited (SKCCU) will be held as a combined virtual and physical meeting at the Caribbean Confederation of Credit Unions Conference Room, Fortlands, Basseterre, St Kitts and via the Zoom platform on Tuesday, 26 April 2022 at 5:00 pm.



**J. Sonia Edwards (Mrs)**  
Secretary

7 April 2022

## Agenda

### GENERAL SECTION

1. Call to Order
2. Invocation
3. National Anthem
4. Welcome Remarks
5. Feature Address: Theme **"Resilience and Continuity: SKCCU Celebrates 40"**

### BUSINESS SECTION

6. Ascertainment of Quorum
7. Minutes of 38th Annual General Meeting, Amendments, Matters Arising and Adoption
8. Presentation and Acceptance of Reports
9. Auditor's Report and Presentation and Acceptance of Financial Statements
10. Treasurer's Report and Declaration of Dividends
11. Setting Maximum Liability Ceiling
12. Appointment of Auditors
13. Presentation on Brand Refresh
14. Launch of 40th Anniversary Celebration
15. Question and Answer Session
16. Election of Officers
17. Acknowledgement of Retiring Volunteers
18. Any Other Business
19. Vote of Thanks
20. Adjournment





# Minutes of 38th Annual General Meeting



Resilience and Continuity: SKCCU Celebrates 40

Annual Report 2021

# Minutes of 38th Annual General Meeting

**MINUTES OF 38TH ANNUAL GENERAL MEETING HELD ON THURSDAY, 27 MAY 2021  
AT THE CARIBBEAN CONFEDERATION OF CREDIT UNIONS CONFERENCE ROOM,  
FORTLANDS, BASSETERRE**

Minutes of 38th Annual General Meeting (AGM) of the St Kitts Co-operative Credit Union (SKCCU) Ltd convened at the Confederation of Credit Unions Conference Room, Fortlands, Basseterre, on Thursday, 27 May 2021.

The following was the proposed Agenda:

## **GENERAL SECTION**

1. Call to Order
2. Invocation
3. National Anthem
4. Welcome Remarks

## **BUSINESS SECTION**

5. Ascertainment of Quorum
6. Minutes of 37th Annual General Meeting, Amendments, Matters Arising and Adoption
7. Presentation and Acceptance of Reports
8. Auditor's Report and Presentation and Acceptance of Financial Statements
9. Treasurer's Report and Declaration of Dividends
10. Setting Maximum Liability Ceiling
11. Appointment of Auditors
12. Resolution – Resolution to change the par value of shares from \$5 to \$1
13. Question and Answer Session
14. Election of Officers
15. Acknowledgement of Retiring Volunteers
16. Any Other Business
17. Vote of Thanks
18. Adjournment

## GENERAL SECTION

### ITEM 1: CALL TO ORDER

The Annual General Meeting was called to order at 5:20 pm by Alex Straun, President, and Chairperson of the meeting.

### ITEM 2: NATIONAL ANTHEM

A recorded version of the National Anthem was played.

### ITEM 3: INVOCATION

Mr. Kraig Brooks, a member of staff, invoked God's blessings on the proceedings, following which the Credit Union Prayer was recited in unison.

### ITEM 4: ASCERTAINMENT OF QUORUM

Mrs. Kjellin Rawlins-Elliott, Registrar of Credit Unions, checked the register of attendees both face-to-face and virtual and confirmed that the number of members present constituted a quorum for the Annual General Meeting.

### ITEM 5: WELCOME REMARKS

The Chairperson welcomed all present, both virtually and face-to-face. He gave the following opening remarks drawing the attention to key initiatives such as the expanded use of technological tools. He posited that these are troublesome times but indicative of the new normal. To set the stage for the next four years a new normal, where physical interaction cannot be taken for granted, where availability of services and responses must be 24/7 was emerging. Technology can be viewed as a powerful equalizer and maximized to facilitate remote service delivery. He highlighted the critical importance of the right team and the right tools. He pointed out that the current leadership and members of the SKCCU stand here today on the shoulders of staff volunteers and members for the sacrifices they have made over the years and expressed sincere thanks to all players. He recognized and paid tribute to fallen patriots Mr. Gerard "Archie" Williams, past Board member and Treasurer, and Mrs. Denise Edwards, Immediate past Credit Committee member. They were recognized by a minute of silence.

## BUSINESS SECTION

### ITEM 6: MINUTES OF 37TH ANNUAL GENERAL MEETING, MATTERS ARISING AND ADOPTION

As the minutes were previously circulated and there were no amendments noted, the minutes were accepted as read on a motion moved by Jessie Astaphan virtual attendee and seconded by Willa Franks Liburd. The minutes were unanimously accepted as read. There were no matters arising from the minutes.

## **BUSINESS SECTION (CONT'D)**

### **ITEM 7: PRESENTATION AND ACCEPTANCE OF REPORTS**

Mr. Alex Straun, President, proposed that the tabling of the following reports previously circulated be considered for acceptance.

- Board of Directors' Report
- Supervisory and Compliance Committee's Report
- Credit Committee's Report
- Education and Membership Committee's Report

#### **MOTION FOR THE ACCEPTANCE OF THE REPORTS**

The motion for the acceptance of all the reports was moved by Janice Althea Esdaille and seconded by Shirmel Woods. There being no dissent, the motion was carried, and reports were therefore accepted as circulated.

### **ITEM 8: PRESENTATION AND ACCEPTANCE OF FINANCIAL STATEMENTS AND AUDITOR'S REPORT**

The Independent Auditors' Report was previously circulated. The Auditors Grant Thornton inquired if there were any questions on the report. There were none.

### **ITEM 9: TREASURER'S REPORT AND DECLARATION OF DIVIDENDS**

Mr. Ivor K Phillip, Treasurer, presented financial highlights from the Treasurer's Report for the year ending 31 December 2020.

#### **BALANCE SHEET ITEMS**

**Total Assets:** In 2020 the Credit Union recorded a growth in total assets of 11.7% or \$19.7M. A similar growth of 11.7% was experienced in 2019 but with \$15.8M. The 2020 growth was due primarily to an increase in loans from \$105M in 2019 to \$112.8M in 2020. Total assets \$187.9 M with a growth of 72.3% collectively over the past 5 years.

#### **Loans to Members:**

Loans to members grew by 6.9% of \$7.4M compared to 16.1% or \$14.5M in the previous year. Total loans represent 60% of the total assets of the Credit Union.

#### **Liabilities:**

The ratio of member's deposits to total assets is 79.2%. Member's deposits grew by 9.7% or \$13.2 M compared to 12.1% or \$14.6M in 2019.

#### **Member's Equity:**

Member's equity increased by 22.2% in 2020. Member's shares increased by 10% or \$865,000 compared to an increase of 13.4% or \$1M in the previous year. Reserves increased by 21.7 % or \$3.6M compared to an increase of 5.8% or \$1.2.M in 2019. The reevaluation of both buildings is included in the 2020 financials and the reevaluation surplus of \$2.4M is included in the reserves. The Treasurer highlighted the upward trajectory of the Credit Union in all major balance sheet categories: total assets, loans, deposits and members equity for the past 5 years have been increasing.

## **BUSINESS SECTION (CONT'D)**

### **ITEM 9: TREASURER'S REPORT AND DECLARATION OF DIVIDENDS (CONT'D)**

#### **Income Statement:**

Operating Income increased by 11.4% or \$1M compared to an increase of 21.6% or \$1.7M in 2019. Interest income from loans being the main revenue stream increased by 8.1%. Other Income increased by 23.8%. Operating expenses decreased by 17.1% or \$1.3M compared to an increase of 27.7%, or \$1.8 M in 2019. The main contributor to the 2019 increase in operating expenses was the bad debt expense which increased by 204.6 % or \$1.2M.

#### **Delinquency:**

The rate of delinquency reduced from 6% at 31 December 2019 to 3% at 31 December 2020. In December 2020 ninety-nine loans with a total value of \$1.3M were charged off. Collection efforts on these loans will continue.

The motion for acceptance of the Auditors' Report and the Treasurer's Report was moved by Adora Preville Warner and seconded by Bibiana Henry. There being no objections, the Auditors' Report and the Treasurer's Report were accepted as circulated and presented.

### **DECLARATION OF DIVIDENDS**

The Treasurer announced that the Board of Directors has proposed a dividend of 6% Cash and 4% shares. This was accepted on a motion raised by Jessie Astaphan and seconded by Ivor Blake. There being no objection this was confirmed.

### **ITEM 10: SETTING MAXIMUM LIABILITY CEILING**

The Treasurer reported that the Board of Directors has proposed a Maximum Liability Ceiling of EC\$5M. This is the maximum the Board can borrow without special approval from its members. A motion was moved by Bernice Matthew and seconded by Shervin White. There being no objection, the motion was carried.

### **ITEM 11: APPOINTMENT OF AUDITORS**

The Treasurer reported that the Board of Directors has recommended the reappointment of Grant Thornton as Auditors for the 2021 financial year. The motion to re-appointment Grant Thornton to serve as Auditors for the financial year 2021 was moved by Sonya Isaac and seconded by Victor Henry. There being no objections, the motion was carried.

Mrs. Willa Franks Liburd commended the Board of Directors Management and Staff for doing an excellent job during challenging times and recommended a round of applause.

### **ITEM 12: PRESENTATION OF RESOLUTION**

Change the par value of shares from \$5 per share to \$1 per share. Some reasons to support this recommendation are to ensure flexibility in the value of the shares and thus avoid having to calculate fractional dividends and to ensure the shares remain affordable. Mr. Clyde James, attending virtually, moved the motion which was seconded by Mr. Cleon Bradshaw to approve the resolution to change the par value of the shares.

## **BUSINESS SECTION (CONT'D)**

### **ITEM 13: QUESTION AND ANSWER SESSION**

**Question:**

Raised by member Emelita Warner Paul whether the number of shares each member should have, be raised. Secondly would the SKCCU provide a platform to facilitate the sale of shares between members or would members be responsible for selling on their own?

**Answer:**

The President responded as the Share Register is maintained at SKCCU, the Institution will facilitate the transfer of shares, although the Credit Union would not be party to the sale. The SKCCU has no immediate intention to recommend a specific amount of shares each member must purchase. CEO Janet Harris added that the strategy to pay dividend in a combination of shares and cash is an effort to maintain the required level of share capital. She also stated the SKCCU will work on developing a platform in the future to facilitate the exchange of shares.

**Question:**

Can individuals purchase shares while living overseas?

**Answer:**

Yes, persons living overseas can be facilitated to purchase shares. The Credit Union will provide the avenues for completing the transaction.

**Question:**

Have we not fully transitioned from FedCom to Cruise Net? Can the SKCCU find ways of assisting the membership to become more savvy at using online platform?

**Answer:**

The President responded that the Institution has in fact moved from FedCom and that the Member Services Department will continue to assist members to become more skilled at participating in the new digital space.

**Question:**

Kindly explain the wisdom of how investing in projects in these perilous times will bring financial benefits to the membership in the light of global financial challenges and risky financial market.

**Answer:**

President Straun responded the SKCCU has been very diligent in balancing the loan to asset ratio and has also been very diligent in managing the current moratorium and strengthening efforts to ensure the loans on moratorium do not go into delinquency. To date these loans have decreased from 500 loans to 200 loans and are being managed on a case-by-case basis. With regards to the Scenic View Homes project, the President emphasized the Board's commitment and excitement about turning the acquired land into an immediate asset in the form of mortgages.

### **ITEM 14: ELECTION OF OFFICERS**

The Nomination Committee Report was presented. In accordance with Article XIII, section 41 (1) of the By-Laws of the St Kitts Co-operative Credit Union (LTD, the Board of Directors appoints a Nominating Committee to nominate and accept nominations for each vacant position on the Board of Directors and Committees, to ensure continuity once members have retired.

## **BUSINESS SECTION (CONT'D)**

### **ITEM 14: ELECTION OF OFFICERS (CONT'D.)**

The following persons were approved by the Board to serve on the Committee:

|                    |                         |
|--------------------|-------------------------|
| Mrs. Shirmel Woods | Director/Chairperson    |
| Mrs. Janet Harris  | Chief Executive Officer |
| Ms. Joanna Collins | Member                  |

Following due diligence by the Nomination Committee, the nominees were approved by the Board for nomination to serve on the various committees as follows:

#### **Board of Directors**

Ikeisha Esdaille-Turo

#### **Supervisory and Compliance Committee**

William V. Hodge

Janice Althea Esdaille – to serve second term

#### **Credit Committee**

Damon Bacchus

Vernice Morton (re-election)

Mrs. Vadeesha John-Brookes of Johnson and Associates Law Firm oversaw the election of Volunteers. The nominated volunteers were confirmed as follows:

- Ikeisha Esdaille Turo – on a motion by Keithley Phillip and seconded by Jessie Astaphan.
- William Vincent Hodge was appointed to the Supervisory and Compliance Committee on a motion by Shervin White and seconded by Clyde James.
- Janice Althea Esdaille was re-appointed to serve a second term on the Supervisory and Compliance Committee on a motion by Cleon Bradshaw and seconded by Patricia Welsh, virtual attendee.
- Damon Bacchus was appointed to the Credit Committee to replace Denise Edwards on a motion by Thelbert Pike and seconded by Keisha Thomas.
- Vernice Morton was re-appointed to the Credit Committee for a second term on a motion by Bernice Matthew and seconded by Cleon Bradshaw.

Nominations were ceased on a motion by Mertyl Nicholas and seconded by Sonya Isaac.

### **ITEM 15: ACKNOWLEDGEMENT OF RETIRING VOLUNTEERS**

President Straun extended words of appreciation to the retiring volunteers and commended their dedication during the period of their service.

### **ITEM 16: ANY OTHER BUSINESS**

In response to a question raised, the President responded that the SKCCU Debit Card is projected to be available by the end of July 2021.

**BUSINESS SECTION (CONT'D)**

**ITEM 15: VOTE OF THANKS**

The vote of thanks was delivered by Director Cleon Bradshaw.

**ITEM 16: ADJOURNMENT**

The meeting adjourned at 6:47 pm on a motion moved by Bibiana Henry and seconded by Pamela Osborne.



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**Alex Straun**  
President



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**J Sonia Edwards**  
Secretary





# Operating Principles of the Credit Union



Resilience and Continuity: SKCCU Celebrates 40

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# Operating Principles of the Credit Union

## DEMOCRATIC STRUCTURE

### Open and Voluntary Membership

The membership of this credit union is voluntary and open to everyone who is a citizen of the Federation of St. Christopher and Nevis who can make use of the institution's services and who is willing to accept the responsibilities of being a member.

### Democratic Control

Each member of the Credit Union has equal rights to vote meaning one member, one vote, regardless of the amount of shares owned. It is the right of the member to participate in the decisions affecting the Credit Union, without regard to the amount of savings or deposits or volume of business. The Credit Union is self-governing, within the framework of the law and regulation, recognizing that the Credit Union, as a co-operative enterprise, will serve and be controlled by its membership.

### Non-Discrimination

The Credit Union does not discriminate on any grounds be it race, orientation, nationality, sex, religion or politics.

## SERVICE TO MEMBERS

### Distribution to Members

The aim of the Credit Union is to encourage financial prudence through savings and provide loans and other products and services; a fair rate of interest is paid on savings and deposits, within the capability of the Credit Union. The surplus generated from the operations of the Credit Union after covering the cost of finance, operating costs, provision for loan losses and ensuring appropriate capital reserve levels, will belong to and benefit all members without exception. This surplus may be distributed among members as dividends on shares owned, or other means permitted by the Act as well as additional services beneficial to the members.

### Building Financial Stability

A prime concern of the Credit Union is to build the financial strength, including adequate reserves and internal controls that will ensure continued service to membership.

### Service to Members

The Credit Union services are directed to improve the economic and social well-being of all members.

## **SOCIAL GOALS**

### **On-Going Education**

The Credit Union actively promotes the education of its members, volunteers, and employees, along with the public in general in the economic, social, democratic, and mutual self-help principles of Credit Unions worldwide. The promotion of saving and the wise use of credit as well as education on the rights and responsibilities of members are essential to the dual social and economic character of credit unions in serving members' needs.

### **Cooperation among Cooperatives**

In keeping with the Credit Union philosophy and the pooling practices of cooperatives, credit unions within their capability actively cooperate with other credit unions, cooperatives, and their associations at local, regional, and international levels in order to best service the interests of the membership and the community.

### **Social Responsibility**

Continuing the ideals and beliefs of the Credit Union pioneers, this institution seeks to bring about human and social development. The vision of social justice extends both to the individual members and to the larger community in which they work and reside. The Credit Union ideal is to extend service to all who need and can use it. Every person is either a member or a potential member and appropriately part of the credit union's sphere of interest and concern. Decisions should be taken with full regards for the interest of the broader community within which the Credit Union and its members reside.



# Board of Directors' Report

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40-  
years

Resilience and Continuity



# Board of Directors' Report

On 1 July 2022, the St. Kitts Cooperative Credit Union Ltd will celebrate its fortieth (40th) Anniversary serving the people of our Federation. This is a time of rejoicing and celebrating, but also gives pause for reflection on our journey and achievements over the years. We must first acknowledge that the Almighty Father has brought us a long way from our beginning in a borrowed room with fifteen (15) members, to where we stand today, having over 18,000 members, owners of two outstanding office buildings in Basseterre and a staff and volunteer compliment that can challenge any other financial institution in terms of competence and people skills. As we contemplate what occurred in 2020 and 2021, we must recognize the many lives that have been distressed by this pandemic, and the devastating loss of so many of our global citizens in the aftermath of the global pandemic, Covid19. We must also acknowledge that the pandemic caused us to rethink the way we do things and brought out the strength and fortitude which lay dormant and unexpressed in our Credit Union over the years. We admit that overall, it has been a challenging year for all of us in St Kitts and Nevis and the ripple effect of this year's hardship is still impacting our communities.

As the virus took hold in early 2020 and persisted into 2021, our Credit Union took quick action to implement additional measures that would help secure the physical and financial well-being of our staff, members and communities. The following objectives were of utmost importance:

- Establishing new in-branch protocols to ensure observation of strict health and safety measures, including the installation of plexiglass dividers throughout our service areas and meeting spaces, masks for our staff, hand sanitizing and temperature stations at entrances, and enhanced cleaning protocols for branches and ATMs.
- Maintaining communication with our members and providing them with access to their funds was of vital importance, and we assured them that we could still meet their financial needs through email blasts, social media posts, a specially dedicated phone line and prioritizing the entrance of health

and emergency services professionals as well as the elderly at our branches.

- Where necessary, we minimized walk-in service to help minimize the spread of the virus, providing enhanced phone, online, drive thru and email service in its place.
- Financially, we were able to provide relief for members directly impacted by Covid-19 with options including Mortgage and Loan payment deferrals and offering emergency and other suitable loan packages to members and small businesses.

As the health crisis begins to abate, we wish to assure our members that we have been diligently working to maintain the stability of our Credit Union throughout. In 2021, our goal was to balance growth and profitability. We took several strides towards building a sustainable capital model that would ensure that we are able to grow, while maintaining a strong base of retained earnings. We continue to contain delinquency even during these times of financial difficulties for our members and our loan portfolio has grown by \$19 million over the year, supporting members in fulfilling their dreams and coping with the financial fallout of the pandemic.

This past year we accomplished the strengthening of our capital, with asset growth of \$16 million and net income at year-end of \$2.9 million. Despite the constraints imposed by the pandemic, we continue to meet the needs of our membership by providing a high level of service through our digital and contactless channels including online banking, our mobile app, drive through service and ATMs.

2021 was therefore a year when we were able to pivot and regroup after the initial shock of the pandemic. We were challenged on every side and doubts and fears flourished. However, we persevered, and we learnt new skills and matured at the same time. We had to restructure the organization to meet the new Vision and Mission. In the face of this uncertainty, with staff in new positions, we learned to host virtual events, mute ourselves on Zoom and share screen, and to connect with our members and associates by any means necessary. This is how we were able to

demonstrate our resilience and establish that we are always there for our members.

We worked together as staff and volunteers with persistence, flexibility, and sheer grit. We were able to begin our brand refresh process; introduce our document management system; introduce our member satisfaction survey; draft several policies and procedures; begin to build the infrastructure for our Scenic View Homes Project; purchase a larger building for the downtown branch and procure our first ever Human Resource Information System. These are just a few of the achievements that make us proud.

Our 2021 results show that our core business lines are strong. This will be further confirmed in the Treasurer's report. Therefore, our aim in 2022 is to leverage our fortitude and build lasting success. We are confident that we have positioned our Credit Union in such a way that success will be sustained as we continue to focus on our members' needs during 2022 and for another forty years.

We are very aware that our society will be forever changed by this pandemic, and as such, we will continue to work through this ever-changing environment, being particularly attentive to our collective need for a sense of stability. We will continue to work together to meet the needs of our members with our core values as the foundation of what we do. With our co-operative principles driving us forward, we will make every effort to align our digital platform with the needs of our members. During 2022 we will launch our debit card; enhance our branding and marketing; introduce new ATMs; relocate our New Street Branch; evaluate core banking systems to find the best fit; continue to train our staff to meet the needs of our members; prepare a new three (3) year strategic plan and celebrate with extreme delight, forty years of service.

To say that the last two years were challenging would be an understatement. None of us could have predicted what 2020 and 2021 has brought to us. However, I can say with certainty that steering our Credit Union through these times would not have been possible without the collective care and commitment of our entire team. I am grateful to all of the members

of the Board of Directors, Committees and Management Team for their selfless service. I am grateful to our own "front-line workers" - our staff, who have made a conscientious effort to serve their communities and make the necessary pivots in order to see us through these challenging times. Everyone on our entire team, has continued to rally together and persevere to ensure that we are able to provide the same great level of service that our members have come to expect.

We are also grateful to our members for trusting us with their financial health and well-being, and for their continued support over the years. I am confident that we will emerge from the pandemic more resilient than before, if we are patient and stay the course, remaining hopeful while we navigate whatever comes our way, always "being confident of this, that God who began a good work in us will carry it on to completion".

# Board of Directors' Meetings and Attendance

2021

| Name of Director       | Position        | Meetings Scheduled | Meetings Attended | % Meetings Attended |
|------------------------|-----------------|--------------------|-------------------|---------------------|
| Alex Straun            | President       | 13                 | 12                | 92%                 |
| Edward Gift            | Vice President  | 13                 | 13                | 100%                |
| Ivor Keithley Phillip  | Treasurer       | 13                 | 8                 | 62%                 |
| J Sonia Edwards        | Secretary       | 13                 | 13                | 100%                |
| Patricia Welsh         | Asst. Secretary | 13                 | 13                | 100%                |
| Shirmel Woods          | Director        | 13                 | 7                 | 54%                 |
| Tashna Powell-Williams | Director        | 13                 | 11                | 85%                 |
| Cleon Bradshaw         | Director        | 13                 | 13                | 100%                |
| Ikeisha Esdaille-Turo  | Director        | 13                 | 7                 | 54%                 |

Alex Straun  
President



# Financial Highlights

YEAR ENDED 31 DECEMBER 2021

|   | 2021               | 2020               | % Change     |
|---|--------------------|--------------------|--------------|
| <b>Total Assets</b>                         | <b>204,579,426</b> | <b>187,959,134</b> | <b>8.8</b>   |
| Cash and Cash Equivalents                   | 33,020,341         | 39,304,454         | -16.0        |
| <b>Loans Members</b>                        | <b>132,207,210</b> | <b>112,834,034</b> | <b>17.2</b>  |
| Members' Deposits                           | 162,433,341        | 148,966,180        | 9.0          |
| <b>Members' Shares</b>                      | <b>10,478,570</b>  | <b>9,437,345</b>   | <b>11.0</b>  |
| Reserves                                    | 20,874,123         | 20,139,822         | 3.6          |
| <b>Retained Earnings</b>                    | <b>8,224,640</b>   | <b>7,008,817</b>   | <b>17.3</b>  |
| Operating Income                            | 11,565,676         | 10,491,457         | 10.2         |
| <b>Operating Expenses</b>                   | <b>8,416,436</b>   | <b>6,344,757</b>   | <b>32.7</b>  |
| Staff Costs                                 | 2,947,062          | 2,772,408          | 6.3          |
| <b>Total Comprehensive Income</b>           | <b>2,857,252</b>   | <b>6,429,671</b>   | <b>-55.6</b> |
| Loan Loss Allowance/Delinquency > 12 months | 112%               | 164%               | -31.7        |
| <b>Loans/Total Assets</b>                   | <b>65%</b>         | <b>60%</b>         | <b>0.1</b>   |
| Members' Shares/ Total Assets               | 5%                 | 5%                 | 8.3          |

# Committee Reports:

## Supervisory and Compliance Committee

### THE AUTHORITY AND ROLE OF THE COMMITTEE

As authorized in Section 66 of the Co-operative Societies Act, No. 31 of 2011 duties functions and powers of the Supervisory and Compliance Committee are mandated. Through engagement and assistance of the Internal Audit and Compliance Officers, the Committee ensures that the St. Kitts Co-operative Credit Union Ltd is prudently managed, and members' assets are warded. The Committee ensures the reliability and integrity of the Credit Union's financial reporting and operational function are upheld.

The Supervisory and Compliance Committee is scheduled to meet monthly to review all reports of the Internal Auditor and Compliance Officer. The financial statements, operations, plans, policies and procedures, observations of audits and conducting of audit are areas of focus. The Committee also makes recommendations to the Board of Directors for strengthening the internal controls, as well as any other weak area or gap that has been identified within the system.

### COMPOSITION OF THE SUPERVISORY AND COMPLIANCE COMMITTEE

At the 38th Annual General Meeting Mr William V Hodge was elected to serve on the Supervisory and Compliance Committee. This addition brings the composition of five (5) individuals to assist the Institution in achieving its objectives.

The Committee Members are:

| Members                       | Position           |
|-------------------------------|--------------------|
| <b>Desiree C Connor</b>       | <b>Chairperson</b> |
| Willa M R Liburd              | Vice Chair         |
| <b>Janice Althea Esdaille</b> | <b>Secretary</b>   |
| Yvette Pamella Osborne        | Member             |
| <b>William V Hodge</b>        | <b>Member</b>      |

## **ATTENDANCE OF MEETING OF THE SUPERVISORY AND COMPLIANCE COMMITTEE**

Statutory and Special Meetings:

- The Committee held twelve (12) Statutory and three (3) Special meetings up to the time of reporting.

Macro Committee Meetings:

- Joint Committee Meetings discussing:
  - i. The Financial Performance 2021
  - ii. Strategic Business Plan 2021
  - iii. Business Scorecard 2021
  - iv. Budget 2021
- Observation Meetings
  - i. Board of Directors Meetings
  - ii. Credit Committee Meetings

Other Meetings

- Representatives of the Committee participated in the work of the following:
  - i. SKCCU Scenic View Homes Committee
  - ii. SKCCU 40th Anniversary Committee
  - iii. Credit Union Rebranding Committee

## **WORK PROGRAM AND ACHIEVEMENTS OF THE COMMITTEE FOR THE PERIOD ENDING DECEMBER 2021**

For the period under review, the following key areas of the operations of the Credit Union were examined and recommendations were submitted to the Board of Directors:

- Minutes of the Board of Directors Meetings;
- Bank Reconciliations;
- ATM Cash Counts;
- Surprise Teller Cash Count;
- Credit Operational Processes;
- Business Continuity Plan & Disaster Preparedness Plan;
- Disaster Preparedness Management and Recoveries Manual;
- Panic Button Report;
- Access Control Follow-Up Report;
- Loan Application & Processing Review;
- Share Certificate Report;
- Members' Communications;
- End of Year Cash Count.

## **WORK PROGRAM AND ACHIEVEMENTS OF THE COMMITTEE FOR THE PERIOD ENDING DECEMBER 2021 (CONT'D.)**

The risk ratings for most of the reports and observations were assessed as LOW. Specific recommendations were addressed with the Board of Directors and the Credit Union's Management, in order to assist with the efficiency and effectiveness of the operation of St. Kitts Co-Operative Credit Union.

Recommendations included:

- Continuous updating of Manuals and Plans;
- Encourage more frequent and ongoing departmental training;
- Update to an electronic filing management methodology.

### **TRAINING**

Members of the Supervisory and Compliance Committee participated in several training sessions conducted by both internal and external providers. These sessions were aimed at enhancing the capability and knowledge of members in the execution of their duties.

Internal:

- Dealing with suspicious transactions;
- Suspicious and unusual transaction monitoring and reporting;
- Suspicious activities or transactions identification;
- Financial Crimes and assigned penalties.

External:

- June 2021, the Committee participated in a six (6) hour training course covering the purpose and operations of a Credit Union.

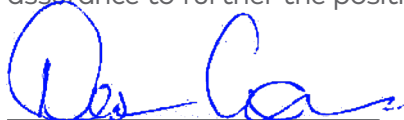
### **APPRECIATION**

The Management of St. Kitts Co-Operative Credit Union continues to adopt a proactive approach to new ways of conducting business, not only with its members, but also with other financial and non-financial institutions for creation of "easy transacting" for the benefit of its membership.

The Supervisory and Compliance Committee supports the Board of Directors, Management and Staff for the work done to achieve the success of St. Kitts Co-Operative Credit Union.

The Committee thanks the Credit Committee Members and encourages them to maintain their mandate in supporting the financial well-being of our members.

The Committee continues to work tirelessly to enhance and protect the assets of the Membership, with assurance to further the positive progression of the St. Kitts Co-Operative Credit Union.



**Desiree C Connor**  
Chairperson

# Credit Committee

## INTRODUCTION

Throughout 2021, the Covid-19 pandemic continued to have an impact on our Federation's financial and economic sectors. Despite these challenges, The SKCCU Credit Committee is pleased to report that the lending efforts for the year 2021 were fruitful. The Credit Committee accepted the Board of Directors' strategic objective and worked to strengthen and ensure the financial well-being of our membership.

Our goal for the last year was to ensure that our members' needs were prioritized and met in a timely and effective manner. Throughout the year, we have allowed that focus to govern our decisions.

## COMPOSITION OF THE CREDIT COMMITTEE

For the year under review, the Credit Committee comprised of the following members.

| Members           | Position                        |
|-------------------|---------------------------------|
| Joan Franks       | Chairperson                     |
| Vernice Morton    | Secretary                       |
| Camelita Huggins  | Member                          |
| Anthony Wiltshire | Member                          |
| Damon Bacchus     | Member (Resigned)               |
| Auren Manners     | Member (Replaced Damon Bacchus) |

Altogether the volunteers of the committee convened a total of twenty-four (24) meetings for the year when loan activity was examined, reviewed, and approved within our lending limit. We are pleased to report that over the period of 2021, a total of 1,892 loans were approved and disbursed.

## ANALYSIS

The loan portfolio saw an increase of \$20m or 18% percent from \$113m in 2020 to \$133m in 2021. This increase was made possible through loan products such as property & land, line of credit, vehicle, consumer goods and promotional loans.

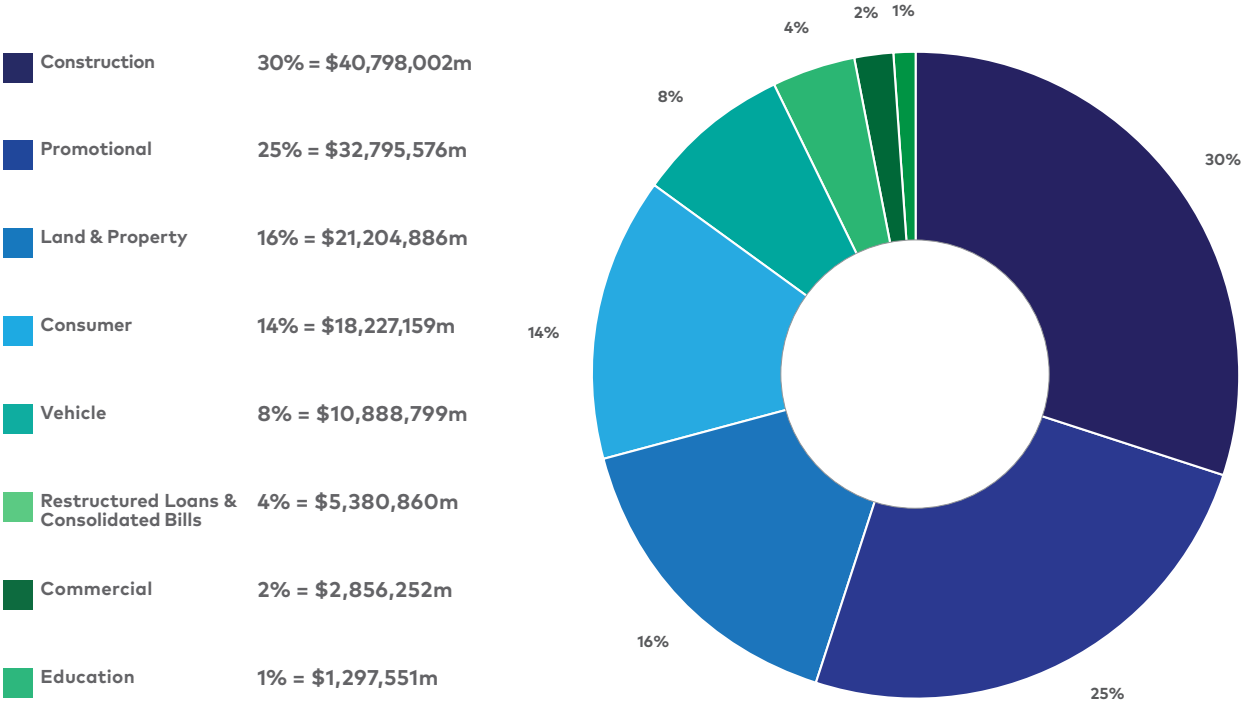
**ANALYSIS (CONT'D.)**

The Table below highlights the annual comparison between 2021 and 2020.

| <b>Loans to Members</b>               |                      |                      |                     |                 |
|---------------------------------------|----------------------|----------------------|---------------------|-----------------|
| <b>Category</b>                       | <b>2021</b>          | <b>2020</b>          | <b>\$ Change</b>    | <b>% Change</b> |
| <b>Construction</b>                   | <b>\$40,798,002</b>  | <b>\$39,309,517</b>  | <b>\$1,488,485</b>  | <b>4%</b>       |
| Promotional                           | \$32,795,576         | \$13,594,291         | \$19,201,285        | 141%            |
| <b>Land &amp; Property</b>            | <b>\$21,204,886</b>  | <b>\$18,640,072</b>  | <b>\$2,564,814</b>  | <b>14%</b>      |
| Consumer                              | \$18,227,159         | \$20,528,919         | -\$2,301,760        | -11%            |
| <b>Vehicle</b>                        | <b>\$10,888,799</b>  | <b>\$12,891,916</b>  | <b>-\$2,003,117</b> | <b>-16%</b>     |
| Restructure Loans & Bill Consolidated | \$5,380,860          | \$4,458,288          | \$922,572           | 21%             |
| <b>Commercial</b>                     | <b>\$2,856,252</b>   | <b>\$2,918,187</b>   | <b>-\$61,935</b>    | <b>-2%</b>      |
| Education                             | \$1,297,551          | \$1,103,887          | \$193,664           | 18%             |
| <b>Loan Total</b>                     | <b>\$133,449,085</b> | <b>\$113,445,077</b> | <b>\$20,004,008</b> | <b>18%</b>      |

**ANALYSIS (CONT'D.)**

The graph below highlights the loan breakdown for 2021



As it relates to delinquency, as of December 2021 the loan portfolio closed with a 5.22% delinquency rate. This was up slightly when compared to 2020 year end delinquency of 3.42%. However, this can be attributed to the increase in unemployment or underemployment experienced by many of our members resulting from the COVID-19 pandemic.

## **ACKNOWLEDGEMENT**

The Credit Committee appreciates the co-operation of SKCCU's Board of Directors, Management and Staff and we thank the Loans Team for its assistance and dedication.

We remember and pay respect to the late Mrs Denise Edwards who was selected to serve on the Credit Committee.

Appreciation is also extended to Mr Damon Bacchus who was later appointed as a replacement for Mrs Edwards. Mr Bacchus ably and willingly rose to the challenge by filling the gap to ensure the committee operated at its full capacity. Unfortunately, due to conflicting commitments, Mr Bacchus resigned mid-September 2021.

And to you our valued members, we extend our gratitude; without your support, dedication, and trust, there would be no SKCCU.

## **CONCLUSION**

The Credit Committee remains steadfast and resolute in its commitment to ensuring SKCCU remains a member-focused institution with targeted loan products and excellent member service. If we continue to work and strive for this, together, the upward mobility of our members will always be attainable.

The Credit Committee also commits to addressing the needs of our members by ensuring that they receive loans tailored to their financial needs, while continuing to contribute to their financial wellbeing, and the safety of Institution's financial investments.



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**Joan Franks**  
Chairperson



# Nominating Committee

The 2022 SKCCU Nominating Committee was appointed by the Board of Directors in accordance with Article XII, section 41(1) of the SKCCU By-laws which states (a) 'Not less than thirty (30) days prior to each Annual General Meeting the board may appoint a nominating Committee of three (3) persons of which no more than one (1) may be a member of the existing board. (b) The Nominating Committee shall nominate at the Annual General Meeting, one member for each vacancy for which elections are to be held.

The approved members are:

| Members                  | Position                |
|--------------------------|-------------------------|
| <b>Mrs Shirmel Woods</b> | <b>Chairperson</b>      |
| Mrs. Janet Harris        | Chief Executive Officer |
| <b>Mrs Sheila Cable</b>  | <b>Member</b>           |

The Nominating Committee has the role of succession planning to ensure there are sufficient participants with appropriate skills, expertise and knowledge for key posts to govern the operations of the St. Kitts Co-operative Credit Union Limited into the future.

Currently, there is one vacancy each on the Board of Directors and the Supervisory and Compliance Committee, and two vacancies on the Credit Committee. While the vacancy on the Board resulted from Director Patricia Welsh completing her two successive terms, the Board is requesting two additional members to bring its compliment up to eleven, to ensure that there is continuity and proper management of its workload. The vacancy on the Supervisory and Compliance Committee is as a result of volunteer Mr William V Hodge being unable to complete his term while the vacancies on the Credit Committee resulted from the resignation of volunteer, Mr. Damon Bacchus and the expiry of two consecutive three-year terms of volunteer Camelita Huggins.

On behalf of the Board and Committees, the Nominating Committee thanks Director Mrs Patricia Welsh and Volunteer Ms. Camelita Huggins for their dedication to the Board of Directors and the Credit Committee respectively as they retire. We also thank Mr. Damon Bacchus and Mr William V Hodge for their brief stints of service to the Credit Committee and Supervisory and Compliance Committee respectively.

# Nominating Committee

## BOARD OF DIRECTORS

The Nominating Committee is pleased to present the following candidates for election:



MRS BIBIANA  
HAMILTON-HENRY

Mrs. Bibiana Hamilton-Henry is a leader and proven effective manager and who brings tremendous energy and focus to meeting the vision and objectives of any organisation. She has a long track record of leading efficient departments, increasing profitability, and of enhancing business operations. Nevertheless, as a professional She is not averse to making and implementing difficult or unpopular decisions that are aligned to the company's goals.

Mrs. Hamilton-Henry was appointed to lead the Corporate Sales team in Cable and Wireless St. Kitts and Nevis in 2008. During her tenure, she held a number of management positions in Marketing, Programs Management and Customer Service, leading the launch of numerous products and other initiatives across the twin island federation. She previously worked as Senior Loans Officer at the

Development Bank of St. Kitts and Nevis and previously served as a director of the board of the St. Kitts Co-operative Credit Union Ltd. She graduated from the University of the Virgin Islands with a BA (Summa Cum Laude) in Accounting in 1990 and holds an MBA in Project Management from Anglia Ruskin University.



MR. HQUSAC HUGGINS

Mr. Hqusac Huggins possesses a Master of Business Administration with a concentration in Finance from King Graduate School in New York and a Bachelor of Arts in Business Management from Monroe College. He has continued to pursue higher education and has recently completed studies in procurement from the Chartered Institute of Procurement & Supply (CIPS). Mr. Huggins has over nine (9) years of experience in finance, having worked at TDC Group Ltd, the Cable and the Ministry of Finance, where he currently serves as a Business and Budget Analyst. He is also an alumnus of the St. Kitts Basseterre Leo Club where he was a member from 2015 to 2020 and served as treasurer from 2018 to 2020.



MRS. JULIETTE WARDE

Mrs. Juliette Warde is a Senior Tax Inspector III at the Inland Revenue Department with 5 years in the Audit Unit and 8 years in the Program Management Unit. She holds a Bachelor of Science degree in Accounting and Finance and is a member of the Association of Certified Fraud Examiners (ACFE) since 2013.

At work, some of her duties include developing and monitoring the IRD strategic and operational plans; providing direction to operational areas; preparing management reports on units' performance; and directing the collection and analysis of statistical data for monitoring purposes.

She is a born-again believer in Jesus Christ and belongs to the congregation of the K G Swanston Methodist Church. She is an avid reader and enjoys doing word and number puzzles.

Moreover, Mrs. Warde previously served 6 years on the SKCCU Supervisory and Compliance Committee in the capacity of chairman (2 years) and secretary (4 years).

## CREDIT COMMITTEE

The Nominating Committee is pleased to present the following candidates for election:



MS ANTONETTE  
ROBERTA HODGE

Ms Antonette Roberta Hodge has been employed with the Government of St. Kitts and Nevis at the National Audit Office for the past 19 years. She joined the Establishment on April 02, 2003 as an Audit Manager—a position she held for seven years. In August 2010, she was promoted to the position of Deputy Director of Audit. In 2017, Ms Hodge was transferred to the Treasury Department as Senior Accountant, a position which she currently holds.

Ms Hodge graduated with a Bachelor of Arts Degree with honours in Accounting from the University of the Virgin Islands in 2001. The following year, she achieved her Master of Accountancy Degree from the Bowling Green State University in Ohio.

Ms Hodge served as Treasurer for the St. Kitts and Nevis Red Cross Society from 2005 to 2015 and Treasurer of the Basseterre Wesleyan Holiness Church Sunday School from 2010 - 2020.

Ms Hodge served as a member of the Supervisory and Compliance Committee for the St Kitts Cooperative Credit Union for six years.



MR. AUREN MANNERS

Mr. Auren Manners is a committed volunteer of the SKCCU, having previously served on the Board of Directors from 2014-2020, and as Board Secretary from 2015-2020.

He is a dedicated civil servant having worked for the Ministry of Sustainable Development for the past 15 years where he currently holds the position of Senior Project Analyst in the Department of Economic Affairs and Public Sector Investment Programme.

Mr. Manners holds a Bachelor of Business Administration Degree (Finance) from Baruch College, City University of New York, and a Master of Science Degree (Finance/Banking) from the University of Colorado in collaboration with the Graduate School of Banking Colorado. He holds a Diploma from the Chartered Institute of Procurement and Supply and a Chartered Director (CDir) designation from the Caribbean Governance Training Institute.

Mr. Manners is an active member of the Mattingley Enhancement Community Organization, the St. Kitts-Nevis Tennis Association and the Sandy Point Topspinners Tennis Club.

## **SUPERVISORY COMMITTEE**

The Nominating Committee is pleased to present the following candidates for election:



Joel Morton was born in St. Kitts and educated at the St. Johnston Village School (now the Dr William Connor Primary School) and the St. Kitts Nevis Grammar School (now the Basseterre High School).

He became a member of the Association of Chartered Certified Accountants in 1982. On successful completion of the examinations of the Association of Chartered Certified Accountants, he worked with Pannell Kerr Forster in Montserrat and was the Manager there for the last year of his tenure with the firm. He was granted fellowship of the Association in 1987.

**JOEL MORTON**

He also holds a Practicing Certificate from the Institute of Chartered Accountants of the Eastern Caribbean – St. Kitts and Nevis Branch and has been in practice for forty (40) years.

Notwithstanding the selection of these six volunteers by the Nominating Committee, the members present at this Annual General Meeting can nominate any suitable candidate from the floor. If this occurs, then a vote by ballot or show of hands will follow. The SKCCU continues to operate by the democratic co-operative principle of one member one vote.

Additionally, four volunteers have presented themselves for re-election after serving one term of three years. They are Directors Sonia Edwards, Tashna Powell Williams, and Shirmel Woods as well as Ms Desiree Connor from the Supervisory and Compliance Committee.

The voting process will be conducted by Lawyer Vadeesha John-Brookes from Johnson and Associates Legal firm.

The Nominating Committee expresses appreciation to all retiring volunteers for their dedicated work and commitment through their voluntary service.



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**Shirmel Woods**  
Chairperson

# Board and Committee Members

| Volunteers                   | Positions                     | Current Period | Status     | Term | Retiring Year | Nominee                      |
|------------------------------|-------------------------------|----------------|------------|------|---------------|------------------------------|
| <b>Board of Directors</b>    |                               |                |            |      |               |                              |
| Alex Straun                  | President                     | 5 Years        | Serving    | 2    | 2023          |                              |
| Edward Gift                  | Vice President                | 2 years        | Serving    | 1    | 2023          |                              |
| Ivor Keithley Phillip        | Treasurer                     | 4 years        | Serving    | 2    | 2024          |                              |
| Sonia Edwards                | Secretary                     | 3 years        | Reelection | 1    | 2022          | Sonia Edwards                |
| Patricia Welsh               | Assistant Secretary/Treasurer | 6 years        | Retiring   | 2    | 2022          | Hqusac Huggins               |
| Cleon Bradshaw               | Director                      | 5 Years        | Serving    | 2    | 2023          |                              |
| Ikeisha Esdaille-Turo        | Director                      | 1 year         | Serving    | 1    | 2024          |                              |
| Bibiana Hamilton-Henry       | Director                      | 0 years        | Nominated  | 1    | 2025          | To increase Board compliment |
| Tashna Powel-Williams        | Director                      | 3 years        | Reelection | 1    | 2022          | Tashna Powell-Williams       |
| Juliette Simmonds-Warde      | Director                      | 0 years        | Nominated  | 1    | 2025          | To increase Board compliment |
| Shirmel Woods                | Director                      | 3 years        | Reelection | 1    | 2022          | Shirmel Woods                |
| <b>Credit Committee</b>      |                               |                |            |      |               |                              |
| Joan Franks                  | Chairperson                   | 2 years        | Serving    | 1    | 2023          |                              |
| Vernice Morton               | Secretary                     | 4 years        | Serving    | 2    | 2024          |                              |
| Damon Bacchus                | Member                        | 1 year         | Resigned   | 1    | 2024          | Auren Manners                |
| Camelita Huggins             | Member                        | 6 years        | Retiring   | 2    | 2022          | Antonette Hodge              |
| Anthony Wiltshire            | Member                        | 2 year         | Serving    | 1    | 2023          |                              |
| <b>Supervisory Committee</b> |                               |                |            |      |               |                              |
| Desiree Connor               | Chairperson                   | 3 years        | Reelection | 1    | 2022          | Desiree Connor               |
| Willa Liburd                 | Vice Chairperson              | 5 years        | Serving    | 2    | 2023          |                              |
| Janice Althea Esdaille       | Secretary                     | 4 years        | Serving    | 2    | 2024          |                              |
| William V. Hodge             | Member                        | 1 year         | Resigned   | 1    | 2022          | Joel Morton                  |
| Yvette P. Osbourne           | Member                        | 2 years        | Serving    | 1    | 2023          |                              |



# Independent Auditor's Report

Annual Report 2021



**40-**  
years

Resilience and Continuity





## INDEPENDENT AUDITOR'S REPORT

### To the Members of St. Kitts Co-operative Credit Union Limited

#### Opinion

We have audited the financial statements of **St. Kitts Co-operative Credit Union Limited** ("the Credit Union"), which comprise the statement of financial position as at December 31, 2021, the statements of other comprehensive income, changes in members' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

#### Grant Thornton

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

A handwritten signature in black ink that reads "Grant Thornton".

**Chartered Accountants**  
**April 5, 2022**  
**Basseterre, St. Kitts**

**St. Kitts Co-operative Credit Union Limited**  
**Statement of Financial Position**  
**As at December 31, 2021**

(expressed in Eastern Caribbean dollars)

|  | Notes | 2021<br>\$         | 2020<br>Restated<br>\$ | January 1,<br>2020<br>Restated<br>\$ |
|--|-------|--------------------|------------------------|--------------------------------------|
| <b>Assets</b>                                |       |                    |                        |                                      |
| Cash and cash equivalents                    | 9     | 33,020,341         | 39,304,454             | 29,730,647                           |
| Loans to members                             | 10    | 132,207,210        | 112,834,034            | 105,013,669                          |
| Investment securities                        | 11    | 20,481,560         | 19,632,786             | 19,266,294                           |
| Other assets                                 | 12    | 3,545,858          | 2,761,952              | 2,838,566                            |
| Property and equipment                       | 13    | 15,171,569         | 13,128,887             | 10,962,243                           |
| Intangible assets                            | 14    | 152,888            | 297,021                | 448,283                              |
| <b>Total assets</b>                          |       | <b>204,579,426</b> | <b>187,959,134</b>     | <b>168,259,702</b>                   |
| <b>Liabilities and members' equity</b>       |       |                    |                        |                                      |
| <b>Liabilities</b>                           |       |                    |                        |                                      |
| Members' deposits                            | 15    | 162,433,341        | 148,966,180            | 135,754,419                          |
| Accounts payable and other liabilities       | 16    | 2,568,752          | 2,406,970              | 2,640,009                            |
| <b>Total liabilities</b>                     |       | <b>165,002,093</b> | <b>151,373,150</b>     | <b>138,394,428</b>                   |
| <b>Members' equity</b>                       |       |                    |                        |                                      |
| Members' shares                              | 17    | 10,478,570         | 9,437,345              | 8,572,080                            |
| Reserves                                     | 18    | 20,874,123         | 20,139,822             | 16,551,260                           |
| Retained earnings                            |       | 8,224,640          | 7,008,817              | 4,741,934                            |
| <b>Total members' equity</b>                 |       | <b>39,577,333</b>  | <b>36,585,984</b>      | <b>29,865,274</b>                    |
| <b>Total liabilities and members' equity</b> |       | <b>204,579,426</b> | <b>187,959,134</b>     | <b>168,259,702</b>                   |

The accompanying notes are an integral part of these financial statements.

Approved for issue by the Board of Directors on April 1, 2022.

  
 \_\_\_\_\_  
 President

  
 \_\_\_\_\_  
 Treasurer

**St. Kitts Co-operative Credit Union Limited**  
**Statement of Comprehensive Income**  
**For the year ended December 31, 2021**

(expressed in Eastern Caribbean dollars)

|  | Notes | 2021<br>\$         | 2020<br>Restated<br>\$ |
|--|-------|--------------------|------------------------|
| Interest income on loans to members  |       | 11,066,482         | 10,202,082             |
| Interest income on investment securities   |       | 706,794            | 704,081                |
| <b>Total interest income</b>   |       | <b>11,773,276</b>  | <b>10,906,163</b>      |
| Interest expense   | 19    | (3,124,767)        | (2,883,509)            |
| <b>Net interest income</b>   |       | <b>8,648,509</b>   | <b>8,022,654</b>       |
| Other income   | 20    | 2,917,167          | 2,468,803              |
| <b>Operating income</b>  |       | <b>11,565,676</b>  | <b>10,491,457</b>      |
| <b>Operating expenses</b>  |       |                    |                        |
| Staff costs  | 21    | (2,947,062)        | (2,772,408)            |
| General and administrative expenses  | 22    | (2,024,385)        | (1,885,358)            |
| Provision for expected credit losses   | 23    | (2,592,790)        | (891,307)              |
| Depreciation and amortisation  | 24    | (682,850)          | (625,168)              |
| Marketing and promotional expenses   |       | (169,349)          | (170,516)              |
| <b>Total operating expenses</b>  |       | <b>(8,416,436)</b> | <b>(6,344,757)</b>     |
| <b>Profit for the year before finance costs</b>  |       | <b>3,149,240</b>   | <b>4,146,700</b>       |
| Finance costs  |       | (246,155)          | (216,853)              |
| <b>Profit for the year</b>   |       | <b>2,903,085</b>   | <b>3,929,847</b>       |
| <b>Other comprehensive (loss)/income</b>   |       |                    |                        |
| Revaluation of property  | 18    | –                  | 2,487,324              |
| Unrealised fair value (loss)/gain on financial assets at fair value through other comprehensive income (FVOCI) | 11    | (45,833)           | 12,500                 |
| <b>Total comprehensive income for the year</b>   |       | <b>2,857,252</b>   | <b>6,429,671</b>       |

The accompanying notes are an integral part of these financial statements.

**St. Kitts Co-operative Credit Union Limited**  
**Statement of Changes in Members' Equity**  
**For the year ended December 31, 2021**

(expressed in Eastern Caribbean dollars)

|   | Notes     | Members' shares<br>\$ | Reserves<br>\$    | Retained earnings<br>\$ | Total<br>\$       |
|---|-----------|-----------------------|-------------------|-------------------------|-------------------|
| <b>Balance at January 1, 2020, as previously reported</b> | <b>29</b> | <b>8,572,080</b>      | <b>16,551,260</b> | <b>5,594,327</b>        | <b>30,717,667</b> |
| Prior period adjustment                                   |           | –                     | –                 | (852,393)               | (852,393)         |
| <b>Balance at January 1, 2020, as restated</b>            |           | <b>8,572,080</b>      | <b>16,551,260</b> | <b>4,741,934</b>        | <b>29,865,274</b> |
| <b>Transactions with members</b>                          |           |                       |                   |                         |                   |
| Issuance of shares  | 17        | 865,265               | –                 | –                       | 865,265           |
| Entrance fees   | 18(ii)    | –                     | 6,837             | –                       | 6,837             |
| Dividends paid  | 27        | –                     | –                 | (554,187)               | (554,187)         |
|   |           | <b>865,265</b>        | <b>6,837</b>      | <b>(554,187)</b>        | <b>317,915</b>    |
| <b>Reserves movements</b>                                 |           |                       |                   |                         |                   |
| Transfer to statutory reserve                             | 18(ii)    | –                     | 1,007,979         | (1,007,979)             | –                 |
| Transfer to development fund reserve                      | 18(v)     | –                     | 100,798           | (100,798)               | –                 |
| Use of development fund reserve                           | 18(v)     | –                     | (26,876)          | –                       | (26,876)          |
|   |           | –                     | <b>1,081,901</b>  | <b>(1,108,777)</b>      | <b>(26,876)</b>   |
| <b>Total comprehensive income</b>                         |           |                       |                   |                         |                   |
| Profit for the year                                       |           | –                     | –                 | 3,929,847               | 3,929,847         |
| Revaluation of property                                   | 18(i)     | –                     | 2,487,324         | –                       | 2,487,324         |
| Unrealised fair value gain on financial assets at FVOCI   | 18(iv)    | –                     | 12,500            | –                       | 12,500            |
|   |           | –                     | <b>2,499,824</b>  | <b>3,929,847</b>        | <b>6,429,671</b>  |
| <b>Balance at December 31, 2020, as restated</b>          |           | <b>9,437,345</b>      | <b>20,139,822</b> | <b>7,008,817</b>        | <b>36,585,984</b> |
| <b>Transactions with members</b>                          |           |                       |                   |                         |                   |
| Issuance of shares  | 17        | 1,041,225             | –                 | –                       | 1,041,225         |
| Entrance fees   | 18(ii)    | –                     | 6,583             | –                       | 6,583             |
| Dividends paid  | 27        | –                     | –                 | (888,914)               | (888,914)         |
|   |           | <b>1,041,225</b>      | <b>6,583</b>      | <b>(888,914)</b>        | <b>158,894</b>    |
| <b>Reserves movements</b>                                 |           |                       |                   |                         |                   |
| Transfer to statutory reserve                             | 18(ii)    | –                     | 725,771           | (725,771)               | –                 |
| Transfer to development fund reserve                      | 18(v)     | –                     | 72,577            | (72,577)                | –                 |
| Use of development fund reserve                           | 18(v)     | –                     | (24,797)          | –                       | (24,797)          |
|   |           | –                     | <b>773,551</b>    | <b>(798,348)</b>        | <b>(24,797)</b>   |
| <b>Total comprehensive income</b>                         |           |                       |                   |                         |                   |
| Profit for the year                                       |           | –                     | –                 | 2,903,085               | 2,903,085         |
| Unrealised fair value loss on financial assets at FVOCI   | 18(iv)    | –                     | (45,833)          | –                       | (45,833)          |
|   |           | –                     | <b>(45,833)</b>   | <b>2,903,085</b>        | <b>2,857,252</b>  |
| <b>Balance at December 31, 2021</b>                       |           | <b>10,478,570</b>     | <b>20,874,123</b> | <b>8,224,640</b>        | <b>39,577,333</b> |

The accompanying notes are an integral part of these financial statements.

# St. Kitts Co-operative Credit Union Limited

## Statement of Cash Flows

For the year ended December 31, 2021

(expressed in Eastern Caribbean dollars)

|   |        | 2021                | 2020               |
|---|--------|---------------------|--------------------|
|   | Notes  | \$                  | Restated<br>\$     |
| <b>Cash flows from operating activities</b>                   |        |                     |                    |
| Profit for the year   |        | 2,903,085           | 3,929,847          |
| Items not affecting cash:                                     |        |                     |                    |
| Interest expense  | 19     | 3,124,767           | 2,883,509          |
| Provision for expected credit losses                          | 23     | 2,592,790           | 891,307            |
| Depreciation and amortisation                                 | 24     | 682,850             | 625,168            |
| Loss on disposal of property and equipment                    | 20     | 877                 | –                  |
| Dividend income   | 20     | (61,948)            | (17,410)           |
| Interest income   |        | (11,773,276)        | (10,906,163)       |
| <b>Operating loss before changes in working capital</b>       |        | <b>(2,530,855)</b>  | <b>(2,593,742)</b> |
| Increase in loans to members                                  |        | (21,418,082)        | (8,018,270)        |
| (Increase)/decrease in other assets                           |        | (783,906)           | 85,468             |
| Increase/(decrease) in accounts payable and other liabilities |        | 161,782             | (233,039)          |
| Increase in members' deposits                                 |        | 13,964,859          | 13,709,459         |
| <b>Cash (used in)/from generated operations</b>               |        | <b>(10,606,202)</b> | <b>2,949,876</b>   |
| Interest received on loans to members                         |        | 10,687,690          | 9,508,680          |
| Interest paid on members' deposits                            |        | (3,622,465)         | (3,381,207)        |
| <b>Net cash (used in)/from operating activities</b>           |        | <b>(3,540,977)</b>  | <b>9,077,349</b>   |
| <b>Cash flows from investing activities</b>                   |        |                     |                    |
| Interest received on investments                              |        | 705,705             | 700,354            |
| Purchase of investment securities                             | 11     | (1,062,610)         | (350,265)          |
| Purchase of intangible assets                                 | 14     | (6,694)             | –                  |
| Purchase of property and equipment                            | 13     | (2,575,582)         | (162,080)          |
| Dividend received   |        | 61,948              | 17,410             |
| <b>Net cash (used in)/from investing activities</b>           |        | <b>(2,877,233)</b>  | <b>205,419</b>     |
| <b>Cash flows from financing activities</b>                   |        |                     |                    |
| Proceeds from issuance of shares                              | 17     | 1,041,225           | 865,265            |
| Dividends paid  | 27     | (888,914)           | (554,187)          |
| Use of development fund reserves                              | 18(v)  | (24,797)            | (26,876)           |
| Entrance fees   | 18(ii) | 6,583               | 6,837              |
| <b>Net cash from financing activities</b>                     |        | <b>134,097</b>      | <b>291,039</b>     |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   |        | <b>(6,284,113)</b>  | <b>9,573,807</b>   |
| <b>Cash and cash equivalents at beginning of year</b>         |        | <b>39,304,454</b>   | <b>29,730,647</b>  |
| <b>Cash and cash equivalents at end of year</b>               | 9      | <b>33,020,341</b>   | <b>39,304,454</b>  |

The accompanying notes are an integral part of these financial statements.

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# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

### 1 Nature of operations

The principal activity of the St. Kitts Co-operative Credit Union Limited (the “Credit Union”) is to encourage financial prudence through savings and the provision of loans and other financial products and services to its members.

### 2 General information and statement of compliance with International Financial Reporting Standards (IFRS) and going concern assumption

On July 1, 1982, the Credit Union was registered under the name Basseterre Co-operative Credit Union Limited under and in accordance with the provisions of the amended Co-operative Ordinance No. 20 of 1956 and Ordinance No. 19 of 1957 and the statutory rules and Order No. 32 of 1968. On March 11, 1986, the Credit Union was re-registered under the name St. Kitts Co-operative Credit Union Limited under and in accordance with the provisions of the amended Co-operative Societies Ordinance No. 20 of 1956 and Ordinance No. 19 of 1957 and the statutory rules and Order No. 32 of 1968.

The Credit Union was re-registered on October 20, 1998 under Section 241 of the Co-operative Society Act, No. 2 of 1995.

On October 4, 2011, the Parliament of St Kitts-Nevis passed the Co-operative Societies Act, No. 31 of 2011. This Act supersedes the former Act of 1995. The Credit Union is regulated by the Financial Services Regulatory Commission – St. Christopher Branch.

The Credit Union’s registered office is located at New Street, Basseterre, St. Kitts and it conducts business from two locations: the branch office at New Street and the head office at Bladen Commercial Development.

The accompanying financial statements are the financial statements of the Credit Union and have been prepared in accordance with IFRS and International Financial Reporting Standards Interpretations Committee (IFRIC) interpretations as issued by the International Accounting Standards Board (IASB) under the historical cost convention, as modified by the revaluation of land and buildings and financial assets at fair value through other comprehensive income (FVOCI). The measurement bases are fully described in the summary of accounting policies.

IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, requires an entity to disclose the amount of a correction of a prior period error for each financial statement line item affected at the beginning of the earliest prior period presented.

During the financial year, the Credit Union corrected an understatement of its accounts payable and other liabilities related to a failure to recognise amounts due as it relates to a third party service provider.

The Credit Union’s recognition and derecognition of the related payable balance resulted in significant retrospective restatements of its financial statements affecting certain accounts as of December 31, 2020 and January 1, 2020. (see Notes 16, 22 and 29).

Accordingly, the Credit Union presents a third statement of financial position as of January 1, 2020 without the related notes as allowed by IAS 1, *Presentation of Financial Statements*, except for the disclosures required under IAS 8. The impact on the results of the Credit Union’s restatements are summarised in note 29, “Restatement of Prior Periods”.

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# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

### 3 Changes in accounting policies

The Credit Union has adopted the new accounting pronouncements which have become effective this year, and are as follows:

#### *New and revised standards that are effective for annual periods beginning on or after January 1, 2021*

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Credit Union has assessed the relevance of all such new interpretations and amendments as follows:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16); and,
- COVID 19 – Related Rent Concessions (Amendment to IFRS 16).

These amendments do not have significant impact on these financial statements and therefore the disclosures have not been made.

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

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Credit Union. Management anticipates that all relevant pronouncements will be adopted in the Credit Union's accounting policies for the first period beginning after the effective date of the pronouncement. These new standards and interpretations are not expected to have a material impact on the Credit Union's financial statements.

### 4 Summary of significant accounting policies

#### 4.1 Overall considerations

The significant accounting policies set out below and in the succeeding pages have been applied consistently by the Credit Union to all years presented in these financial statements, except as otherwise stated.

#### 4.2 Revenue recognition

Revenue arises from the rendering of services. The Credit Union recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for the Credit Union's activities. It is measured at the fair value of consideration received or receivable. Revenue is recognised as follows:

##### (i) Interest income

Interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortised cost.

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**St. Kitts Co-operative Credit Union Limited**  
Notes to the Financial Statements  
**December 31, 2021**

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(expressed in Eastern Caribbean dollars)

**4 Summary of significant accounting policies ... continued**

**4.2 Revenue recognition ... continued**

*(i) Interest income ... continued*

The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset. The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

The Credit Union recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

The Credit Union calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset. When a financial asset becomes credit-impaired (and is therefore regarded as 'Stage 3'), the Credit Union calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Credit Union reverts to calculating interest income on a gross basis.

*(ii) Other income*

The Credit Union earns fee and commission income from financial services it provides to its members. Fee and commission income is recognised at an amount that reflects the consideration to which the Credit Union expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Credit Union's revenue contracts do not typically include multiple performance obligations. When the Credit Union provides a service to its members, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Credit Union has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the member.

The following are recognised in the statement of financial position arising from revenue from contracts with customers:

- 'Fees and commissions receivables' included under 'Other assets', which represent the Credit Union's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). These are measured at amortised cost and subject to the impairment provisions of IFRS 9.



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# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

### 4 Summary of significant accounting policies ...continued

#### 4.2 Revenue recognition ...continued

##### (ii) Other income ... continued

- Unearned fees and commissions' included under 'Accounts payable and other liabilities', which represent the Credit Union's obligation to transfer services to a member for which the Credit Union has received consideration (or an amount of consideration is due) from the member. A liability for unearned fees and commissions is recognised when the payment is made or the payment is due (whichever is earlier). Unearned fees and commissions are recognised as revenue when (or as) the Credit Union performs the service.

#### 4.3 Foreign currency translation

##### *Functional and presentation currency*

These financial statements are presented in Eastern Caribbean Dollars, which is the Credit Union's functional and presentation currency. All financial information presented in Eastern Caribbean Dollars has been rounded to the nearest dollar.

##### *Foreign currency transactions and balances*

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Eastern Caribbean Dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Eastern Caribbean Dollars at foreign exchange rates ruling at the dates the values were determined.

#### 4.4 Leases

##### *Credit Union as a lessor*

Leases in which the Credit Union does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### 4.5 Financial instruments

The Credit Union recognises a financial asset or a liability in the statement of financial position when it becomes party to the contractual provision of the instruments.

##### (a) *Initial recognition and measurement of financial instruments*

At initial recognition, the Credit Union measures its financial assets and financial liabilities at their fair values plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability such as fees and commissions.

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 4 Summary of significant accounting policies ...continued

##### 4.5 Financial instruments...continued

###### (a) Initial recognition and measurement of financial instruments ...continued

If the Credit Union determines that the fair value of its financial assets and liabilities at initial recognition differs from the transaction price, the difference is recognised as follows:

- If that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference between the fair value at initial recognition and the transaction price is recognised as a gain or loss.
- In all other cases, the difference between the fair value at initial recognition and the transaction price is deferred. After initial recognition, the Credit Union recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

###### (b) Classification and subsequent measurement of financial assets

The Credit Union classifies the financial assets as subsequently measured at amortised cost, FVOCI or fair value through profit or loss on the basis of both:

- (i) the Credit Union's business model for managing the financial assets; and
- (ii) the contractual cash flow characteristics of the financial assets.

Based on these factors, the Credit Union classifies its financial assets into one of the following three measurements:

###### *Financial assets at amortised cost*

A financial asset is measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Credit Union estimates the expected cash flows by considering all the contractual terms of the financial instrument, but does not consider the expected credit losses.

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**St. Kitts Co-operative Credit Union Limited**  
Notes to the Financial Statements  
**December 31, 2021**

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(expressed in Eastern Caribbean dollars)

**4 Summary of significant accounting policies ...continued**

**4.5 Financial instruments ...continued**

*(b) Classification and subsequent measurement of financial assets ...continued*

*Financial assets at amortised cost ...continued*

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

The Credit Union's financial assets measured at amortised cost include loan to members, investment in fixed deposits, corporate bonds and treasury bills, other receivables and cash and cash equivalents.

*Financial assets at FVOCI*

A financial asset is measured at FVOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Undrawn loan commitments*

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Credit Union is required to provide a loan with pre-specified terms to the member. These contracts are in the scope of the expected credit losses (ECL) requirements. The nominal contractual value of letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position.

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 4 Summary of significant accounting policies ...continued

##### 4.5 Financial instruments ...continued

(b) *Classification and subsequent measurement of financial assets ...continued*

*Reclassifications*

If the business model under which the Credit Union holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Credit Union's financial assets. During the current financial year and previous accounting period, there were no changes in the business models under which the Credit Union holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on *Modification of loans to members* in note 4.5 (d) and *Derecognition of financial assets* in note 4.5 (g).

(c) *Impairment of financial assets*

The Credit Union recognises a loss allowance for ECL on financial assets measured at amortised cost and the exposure arising from loan commitments and financial guarantee contracts. The expected credit losses are assessed on a forward-looking basis. The Credit Union's measurement of ECL reflects:

- a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b) the time value of money; and
- c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD – The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD – The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD – The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD.

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# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

### 4 Summary of significant accounting policies ...continued

#### 4.5 Financial instruments ...continued

##### (c) Impairment of financial assets...continued

The financial assets are grouped on the basis of shared credit risk characteristics to determine the average credit losses for each group of assets. The Credit Union considers this approach to be a reasonable estimate of the probability-weighted amount. The lifetime expected credit losses for the non-performing financial assets are assessed on an individual basis. The Credit Union considers if there have been significant increases in credit risk since initial recognition – whether assessed on an individual or collective basis – considering all reasonable and supportable information, including that which is forward-looking. At each reporting date, the Credit Union measures the loss allowance at an amount equal to the lifetime expected credit losses, if the credit risk on that financial instrument has increased significantly since initial recognition.

The Credit Union considers the following factors in assessing changes in credit risk since initial recognition:

- significant changes in internal price indicators of credit risk;
- changes in the rates or terms of an existing instrument that would be significantly different if the instrument was newly issued (e.g., more stringent covenants);
- significant increases in credit risk on other financial instruments from the same borrower;
- an actual or forecast significant adverse changes in the business, financial or economic conditions that are expected to significantly affect the borrower's ability to meet its debt obligations (e.g., increase in interest rates and unemployment rates);
- an actual or expected significant change in the financial instrument's external credit rating;
- an actual or expected internal credit rating downgrade for the borrower or decrease in behavioural scoring used to assess credit risk internally;
- an actual or expected significant change in the operating results of the borrower;
- significant changes in the value of the collateral supporting the obligation or in the quality of guarantees or credit enhancements reductions in financial support from a parent entity that are expected to reduce the borrower's incentive to make scheduled contractual payments; and
- expected breaches of contract that may, for example, lead to covenant waivers or amendments, or interest payment holidays.

The Credit Union considers the following factors in assessing changes in credit risk since initial recognition:

- existing or expected adverse changes in the regulatory, economic, or technological environment that significantly affect, or are expected to affect, the borrower's ability to meet its debt obligations;
- changes in the Credit Union's credit management approach in relation to the financial instrument (e.g., specific intervention with the borrower, more active or close monitoring of the instrument by the Credit Union);
- significant changes in the expected performance and behaviour of the borrower including changes in the payment status of borrowers in the Credit Union (e.g., expected increase in delayed contractual payments); and

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 4 Summary of significant accounting policies ...continued

##### 4.5 Financial instruments ...continued

###### (c) Impairment of financial assets...continued

- past due information, including the rebuttable presumption of more than 30 days past due.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e., lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Credit Union under the contract and the cash flows that the Credit Union expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Credit Union if the holder of the commitment draws down the loan and the cash flows that the Credit Union expects to receive if the loan is drawn down; and
- For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Credit Union expects to receive from the holder, the debtor or any other party.

The Credit Union measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 4 Summary of significant accounting policies ...continued

##### 4.5 Financial instruments ...continued

###### (c) Impairment of financial assets...continued

- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit impaired. The Credit Union assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Credit Union considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a backstop if amounts are overdue for 90 days or more.

###### *Definition of default*

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Credit Union considers the following as constituting an event of default:

- the borrower is past due for more than 90 days on any material credit obligation to the Credit Union; or
- the borrower is unlikely to pay its credit obligations to the Credit Union in full.

This definition of default is used by the Credit Union for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

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**St. Kitts Co-operative Credit Union Limited**  
Notes to the Financial Statements  
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(expressed in Eastern Caribbean dollars)

**4 Summary of significant accounting policies ...continued**

**4.5 Financial instruments ...continued**

*(c) Impairment of financial assets...continued*

*Definition of default ...continued*

When assessing if the borrower is unlikely to pay its credit obligation, the Credit Union considers both qualitative and quantitative indicators. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Credit Union uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired.

Therefore, credit impaired assets will include defaulted assets, but will also include other non-defaulted given the definition of credit impaired is broader than the definition of default.

*(d) Modification of loans to members*

When the Credit Union renegotiates or otherwise modifies, the contractual cash flows of its customer loans, the Credit Union assesses whether or not the new terms are substantially different from the original terms of the agreement. The Credit Union derecognises the original loan if the terms are substantially different and recognises the new loan at its fair value. The Credit Union also recalculates the new effective interest rate for the loan. The date of the modification is considered to be the date of initial recognition of the new loan when applying the impairment requirements and also assessing whether a significant increase in credit risk has occurred. The Credit Union also considers whether there may be evidence that the modified loan is credit-impaired at initial recognition. In this situation, the loan is recognised as an originated credit-impaired financial asset. This might occur, for example, in a situation in which there was a substantial modification of a distressed asset as a result of the borrower being unable to make the originally agreed payments. Differences in the carrying amount are recognised as a gain or loss on derecognition in the profit or loss.

If the new terms are not substantially different the original loan is not derecognised. The Credit Union recalculates the gross carrying amount of the loan and recognises a modification gain or loss in the profit and loss.

The gross carrying amount of the loan is recalculated as the present value of the renegotiated contractual cash flows discounted at the loan's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified loan and are amortised over the remaining term of the modified financial asset.



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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 4 Summary of significant accounting policies ...continued

##### 4.5 Financial instruments ...continued

###### (e) Write offs

The Credit Union directly reduces the gross carrying amount of a financial asset when the Credit Union has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event. This is the case when the Credit Union determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. The Credit Union may apply enforcement activities to financial assets written off. Recoveries resulting from the Credit Union's enforcement activities will result in impairment gains, which will be presented in 'Other Income' in the statement of comprehensive income.

###### (f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

###### (g) Derecognition of financial assets

The Credit Union derecognises financial assets when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to receive the cash flows of the financial asset are retained but the contractual obligation to pay the cash flows to one or more recipients is assumed in an arrangement where:

- (i) The Credit Union has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition;
- (ii) The Credit Union is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and
- (iii) The Credit Union has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the entity is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

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(expressed in Eastern Caribbean dollars)

#### 4 Summary of significant accounting policies ...continued

##### 4.5 Financial instruments ...continued

###### (h) Forward looking information

In its ECL models, the Credit Union relies on a range of forward-looking information as economic inputs, such as:

- GDP growth; and
- Central Bank base rates.

###### (i) Financial liabilities

###### *Classification and subsequent measurement of financial liabilities*

Financial liabilities, including accounts payable and other liabilities and members' deposits, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost.

Financial liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or as a result of terms as determined by contractual obligations. Financial liabilities are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

###### *Derecognition of financial liabilities*

Financial liabilities are derecognised when they are extinguished (i.e., when the obligation specific in the contract is discharged, cancelled or expires).

##### 4.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances held with banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Credit Union in the management of its short-term commitments.

Cash and cash equivalents are measured at amortised cost.

##### 4.7 Investment property

Property held for sale, which comprises of land and land development costs is classified under Other Assets and is carried at cost less any impairment in value. Investment property is derecognised when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement and disposal of investment property are recognized in the statement of comprehensive income in the period of retirement or disposal.

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# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

### 4 Summary of significant accounting policies ...continued

#### 4.8 Property and equipment

##### (a) Initial measurement

Property and equipment are initially stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributed to the acquisition of items.

##### (b) Subsequent measurement land and buildings

After recognition, land and buildings whose fair value can be measured reliably are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in members' equity under the heading of property revaluation reserve (note 18). However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the property revaluation reserves in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in members' equity under the heading of property revaluation reserve.

When a building is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

##### *Furniture and fittings, equipment and motor vehicles*

After recognition, an item of furniture and fittings, equipment and motor vehicles is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

##### (c) Depreciation

Depreciation is calculated on the straight-line method to write down the cost less estimated residual value of the asset. The following depreciation rates are applied:

|                        |          |
|------------------------|----------|
| Buildings              | 25 years |
| Equipment              | 10 years |
| Furniture and fittings | 5 years  |
| Office equipment       | 5 years  |
| Computer equipment     | 5 years  |
| Telephone equipment    | 5 years  |
| Motor vehicles         | 5 years  |

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 4 Summary of significant accounting policies ...continued

##### 4.8 Property and equipment ...continued

###### (c) Depreciation ...continued

Land is not subject to depreciation.

The assets' residual values and estimated useful lives are reviewed and adjusted, if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in profit or loss under other income.

##### 4.9 Impairment of non-financial assets

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

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed only to the extent that the asset's or cash-generating unit's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### 4.10 Provisions

Provision for legal disputes or other claims are recognised when the Credit Union has a present or legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Credit Union to settle the obligation and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are not recognised for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 4 Summary of significant accounting policies ...continued

##### 4.10 Provisions ...continued

Any reimbursement that the Credit Union can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

##### 4.11 Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

##### 4.12 Operating expenses

Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or as incurred.

##### 4.13 Equity, reserves and dividend payments

###### a) *Members' shares*

Members' shares issued by the Credit Union are classified as equity only to the extent that they do not meet the definition of a financial liability.

###### b) *Reserves*

Statutory reserve and development fund reserve comprise amounts required to be set aside as stipulated by the Co-operative Societies Act (see note 18).

Property revaluation reserves comprise gains and losses from the revaluation of land and buildings (see note 13).

Financial assets revaluation reserve comprises unrealised gains or losses from financial assets at FVOCI.

Other reserve comprises amounts set aside as stipulated by the Credit Union's By-laws (see note 18).

###### c) *Retained earnings*

Retained earnings include all current and prior period retained profits, net of dividends.

###### d) *Dividends*

Shares that contain redemption features subject to the Credit Union maintaining adequate regulatory capital are accounted for using the partial treatment requirements of IFRIC 2, *Members' Shares in Cooperative Entities and Similar Instruments*.

Dividends paid are recognised in equity in the period in which they are approved by the Credit Union's members at the Annual General Meeting.

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# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

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(expressed in Eastern Caribbean dollars)

### 4 Summary of significant accounting policies ...continued

#### 4.14 Comparatives

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

### 5 Significant management judgements in applying accounting policies and estimation uncertainty

In the application of the Credit Union's accounting policies, which are described in note 4, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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 estimates and assumptions that have the most significant effect on the amounts recognised on the financial statements are described in the succeeding pages.

#### 5.1 Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Credit Union determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Credit Union monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Credit Union's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

#### 5.2 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for the financial assets measured at amortised cost is an area that requires the use of modeling and assumptions about future economic conditions and credit behaviors (e.g., the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the account requirements for measuring ECL, such as:

- Determining credit for significant increase in credit risk;
- Choosing appropriate model and assumptions for the measurement of proportional loss;
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Recovery rates on unsecured exposures;

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

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(expressed in Eastern Caribbean dollars)

#### 5 Significant management judgements in applying accounting policies and estimation uncertainty ... continued

##### 5.2 Measurement of the expected credit loss allowance...continued

- Drawdown of approved facilities;
- Determination of macroeconomic drivers (management overlay);
- Determination of life of revolving credit facilities; and
- Models and assumptions used.

It is the Credit Union's policy to regularly review its models in the context of an actual loss experience and adjust when necessary.

##### 5.3 Valuation of stage 3 loan facilities

The proposed cash flows were discounted using the yield of the facilities. The Credit Union makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

##### 5.4 Effective interest rate (EIR) method

The Credit Union's EIR method recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life cycle of the instruments, as well as expected changes to the Credit Union's base rate and other fee income/expense that are integral parts of the instrument.

## 6 Financial risk management

### Risk management objectives and policies

The Credit Union is exposed to the following risks arising from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

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(expressed in Eastern Caribbean dollars)

#### 6 Financial risk management ... *continued*

##### Risk management objectives and policies ... *continued*

This note presents information about the Credit Union's exposure to each of the above risks, the Credit Union's objectives, policies and processes for measuring and managing risk, and the Credit Union's management of capital.

The Board of Directors has overall responsibility for the determination of the Credit Union's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Credit Union's finance function.

The Board of Directors receives monthly reports from the Credit Union's Management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Credit Union's risk management processes are essentially those mandated by the Board of Directors and are structured to facilitate identification of risks in its various business activities and to formulate risk management strategies, policies and procedures. Risks are maintained within established limits. The Credit Union's risk management policies entail diversification of risk in its portfolios, the establishment of risk rating indicators for individual members and lines of credit and continuous review of risk profiles for its members and portfolios. Risk limits are also set in relation to groups of borrowers as well as industry and geographical segments. The policies also include review, analysis and valuation of all risk-taking activities.

#### 6.1 Credit risk analysis

Credit risk is the risk of financial loss to the Credit Union if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Credit Union is exposed to this risk for various financial instruments, for example, granting loans to members, placing deposits and investing in bonds.

(i) *Loans to members*

The Credit Union's exposure to credit risk is influenced mainly by the individual characteristics of each member. The demographics of the Credit Union's member base, including the default risk of the country in which members operate, has less of an influence on credit risk. Geographically there is concentration of credit risk as all members are located in St. Kitts and Nevis.

(ii) *Cash and cash equivalents*

Cash and cash equivalents are held with established and reputable financial institutions, which represent minimum risk of default.

(iii) *Investment securities*

There was no historical credit loss experience from the counterparties. The counterparties have low credit risk and strong financial position, and sufficient liquidity to settle its obligations to the Credit Union once they become due.



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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 6 Financial risk management ... continued

##### 6.1 Credit risk analysis...continued

(iv) *Other receivables*

Other receivables are financial assets measured at amortised cost. Due to the short-term nature of settlement and a lack of evidence of historical credit losses, these assets are considered to have low credit risk.

(v) *Maximum exposure to credit risk*

The maximum on-balance sheet and off-balance sheet exposure to credit risk at the reporting date was:

|  | 2021               | 2020               |
|--|--------------------|--------------------|
|  | \$                 | \$                 |
| <b>On-balance sheet</b>                              |                    |                    |
| Cash at banks and cash equivalents                   | 29,008,667         | 35,946,524         |
| Loans to members                                     | 132,207,210        | 112,834,034        |
| Investment securities                                | 18,955,795         | 18,761,188         |
| Other receivables                                    | 340,843            | 189,337            |
|  | <u>180,512,515</u> | <u>167,731,083</u> |
| <b>Off-balance sheet</b>                             |                    |                    |
| Loan commitments and other credit related facilities | 4,138,325          | 3,485,001          |
|  | <u>184,650,840</u> | <u>171,216,084</u> |

Credit risk in respect of financial assets is limited as these balances are shown net of allowance for impairment.

#### Loans to members

(a) *Expected credit loss on loans to members*

The expected credit loss, commonly referred to as ECL, represents the amount the Credit Union is likely to lose in the event of a default. The Credit Union is required to categorise the loans in their respective stages as outlined in IFRS 9.

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

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(expressed in Eastern Caribbean dollars)

#### 6 Financial risk management ...continued

##### 6.1 Credit risk analysis ...continued

(v) *Maximum exposure to credit risk ...continued*

##### Loans to members ...continued

(a) *Expected credit loss on loans to members...continued*

Expected credit loss on loans to members are analysed as follows:

|                                | <b>Gross<br/>amount</b> | <b>ECL</b>         | <b>Net<br/>amount</b> |
|--------------------------------|-------------------------|--------------------|-----------------------|
|                                | <b>\$</b>               | <b>\$</b>          | <b>\$</b>             |
| Stage 1                        | 130,696,636             | (1,408,266)        | 129,288,370           |
| Stage 2                        | 1,505,220               | (390,689)          | 1,114,531             |
| Stage 3                        | 2,658,704               | (854,395)          | 1,804,309             |
| <b>As at December 31, 2021</b> | <b>134,860,560</b>      | <b>(2,653,350)</b> | <b>132,207,210</b>    |

|                                | <b>Gross<br/>amount</b> | <b>ECL</b>         | <b>Net<br/>amount</b> |
|--------------------------------|-------------------------|--------------------|-----------------------|
|                                | <b>\$</b>               | <b>\$</b>          | <b>\$</b>             |
| Stage 1                        | 111,439,815             | (928,126)          | 110,511,689           |
| Stage 2                        | 825,653                 | (153,906)          | 671,747               |
| Stage 3                        | 2,212,292               | (561,694)          | 1,650,598             |
| <b>As at December 31, 2020</b> | <b>114,477,760</b>      | <b>(1,643,726)</b> | <b>112,834,034</b>    |

##### *Stage 1 loans*

Loans placed in this stage include loans for which there is no evidence of a significant increase in credit risk since the origination date and loans that are due to mature within 12 months of the reporting date providing that such loans were not in a state of default.

##### *Stage 2 loans*

Loans placed in this stage include loans past due for 31 to 90 days and loans that experienced a significant increase in credit risk even if past due days threshold is not met.

##### *Stage 3 loans*

Loans placed in this stage are loans that are past due over 90 days and loans that show evidence of impairment even if the 90 days threshold is not met.

# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2021

(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.1 Credit risk analysis ...continued

(v) *Maximum exposure to credit risk ...continued*

##### Loans to members ...continued

(a) *Expected credit loss on loans to members ...continued*

##### Stage 3 loans...continued

One of the crucial requirements of IFRS 9 is for the Credit Union to determine whether there is a significant increase in credit risk (SICR) from the date of loan origination to the current or the reporting date. In the event of a SICR, the loan must be placed in Stage 2 and will require a lifetime provision. The loan should remain in this Stage until there is evidence that the event(s) that resulted in the increase in the credit risks have been satisfactorily cured. It is only then that these loans should be transitioned back to Stage 1. SICR is determined by observing to the extent to which adverse changes in one or more of the credit risk drivers could increase the likelihood of the default since the origin of the loan.

A change in members' employment arrangement, payment method, industry or personal conditions could be deemed significant enough to trigger a migration of loans to Stage 2 even if the past due days quantitative SICR threshold is not met.

The following tables explain the changes in the loss allowance between the beginning and the end of the year due to these factors:

|   | Stage 1        | Stage 2        | Stage 3          | Total            |
|---|----------------|----------------|------------------|------------------|
|   | \$             | \$             | \$               | \$               |
| <b>Allowance for impairment as at December 31, 2019</b> | <b>831,298</b> | <b>136,088</b> | <b>1,085,849</b> | <b>2,053,235</b> |
| Transfers:  |                |                |                  |                  |
| Transfer from Stage 1 to Stage 3                        | (7,096)        | –              | 7,096            | –                |
| Transfer from Stage 2 to Stage 3                        | –              | (9,900)        | 9,900            | –                |
| Transfer from Stage 2 to Stage 1                        | 50,288         | (50,288)       | –                | –                |
| Transfer from Stage 3 to Stage 1                        | 78,512         | –              | (78,512)         | –                |
| Transfer from Stage 3 to Stage 2                        | –              | 3,926          | (3,926)          | –                |
| New financial assets originated during the year         | 388,775        | 48,172         | 29,119           | 466,066          |
| Financial assets fully derecognised during the year     | 410,550        | 53,636         | 515,578          | 979,764          |
| Changes to inputs used in ECL calculation               | (558,056)      | 211,116        | (207,583)        | (554,523)        |
| Total net P & L charge during the year                  | 362,973        | 256,662        | 271,672          | 891,307          |
| Write-offs  | (266,145)      | (238,844)      | (795,827)        | (1,300,816)      |
| <b>Allowance of impairment as at December 31, 2020</b>  | <b>928,126</b> | <b>153,906</b> | <b>561,694</b>   | <b>1,643,726</b> |

## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

(expressed in Eastern Caribbean dollars)

#### 6 Financial risk management ...continued

##### 6.1 Credit risk analysis ...continued

(v) Maximum exposure to credit risk ...continued

##### Loans to members ...continued

(a) Expected credit loss on loans to members ...continued

|   | Stage 1<br>\$    | Stage 2<br>\$  | Stage 3<br>\$  | Total<br>\$      |
|---|------------------|----------------|----------------|------------------|
| <b>Allowance for impairment as at<br/>December 31, 2020</b> | <b>928,126</b>   | <b>153,906</b> | <b>561,694</b> | <b>1,643,726</b> |
| Transfers:  |                  |                |                |                  |
| Transfer from Stage 1 to Stage 2                            | (137,727)        | 137,727        | –              | –                |
| Transfer from Stage 1 to Stage 3                            | (492,020)        | –              | 492,020        | –                |
| Transfer from Stage 3 to Stage 2                            | –                | 23,812         | (23,812)       | –                |
| Transfer from Stage 2 to Stage 1                            | 16,606           | (16,606)       | –              | –                |
| Transfer from Stage 3 to Stage 1                            | 17,320           | –              | (17,320)       | –                |
| New financial assets originated during the<br>year          | 730,726          | 314,985        | 60,096         | 1,105,807        |
| Financial assets fully derecognised during<br>the year      | 636,312          | 10,527         | 1,618,369      | 2,265,208        |
| Changes to inputs used in ECL calculation                   | (291,077)        | (233,662)      | (422,578)      | (947,317)        |
| Total net P & L charge during the year                      | 480,140          | 236,783        | 1,706,775      | 2,423,698        |
| Write-offs  | –                | –              | (1,414,074)    | (1,414,074)      |
| <b>Allowance of impairment as at<br/>December 31, 2021</b>  | <b>1,408,266</b> | <b>390,689</b> | <b>854,395</b> | <b>2,653,350</b> |

**St. Kitts Co-operative Credit Union Limited**  
Notes to the Financial Statements  
**December 31, 2021**

(expressed in Eastern Caribbean dollars)

**6 Financial risk management ...continued**

**6.1 Credit risk analysis ...continued**

(v) *Maximum exposure to credit risk ...continued*

**Loans to members ...continued**

(a) *Expected credit loss on loans to members ...continued*

The following table further explains changes in the gross carrying amount of the loans to members to help explain their significance to the changes in the loss allowance as discussed above:

|   | <b>2020</b>   |                     |                     | <b>Total</b>       |
|---|---|---------------------|---------------------|--------------------|
|   | <b>Loans to members</b>   |                     |                     |                    |
|   | <b>Changes in financial assets impacting expected losses by stage</b> |                     |                     |                    |
|   | <b>Stage 1</b>  | <b>Stage 2</b>      | <b>Stage 3</b>      |                    |
|   | <b>12-month</b>   |                     |                     |                    |
|   | <b>ECL</b>  | <b>Lifetime ECL</b> | <b>Lifetime ECL</b> | <b>Total</b>       |
|   | <b>\$</b>   | <b>\$</b>           | <b>\$</b>           | <b>\$</b>          |
| <b>Gross carrying amount as at December 31, 2019</b>                | <b>102,491,072</b>  | <b>1,014,769</b>    | <b>3,561,063</b>    | <b>107,066,904</b> |
| Transfers:  |   |                     |                     |                    |
| Transfers from Stage 1 to Stage 2                                   | (296,198)   | 296,198             | –                   | –                  |
| Transfers from Stage 1 to Stage 3                                   | (747,429)   | –                   | 747,429             | –                  |
| Transfers from Stage 2 to Stage 1                                   | 469,945   | (469,945)           | –                   | –                  |
| Transfers from Stage 2 to Stage 3                                   | –   | (60,557)            | 60,557              | –                  |
| Transfers from Stage 3 to Stage 1                                   | 317,884   | –                   | (317,884)           | –                  |
| Transfers from Stage 3 to Stage 2                                   | –   | 2,572               | (2,572)             | –                  |
| New financial assets originated or purchased                        | 32,632,741  | 638,417             | 94,622              | 33,365,780         |
| Financial assets derecognised during the year other than write-offs | (22,797,244)  | (28,366)            | (1,135,096)         | (23,960,706)       |
| Changes in interest receivable                                      | (364,811)   | (328,591)           | –                   | (693,402)          |
| Write-offs  | (266,145)   | (238,844)           | (795,827)           | (1,300,816)        |
| <b>Gross carrying amount as at December 31, 2020</b>                | <b>111,439,815</b>  | <b>825,653</b>      | <b>2,212,292</b>    | <b>114,477,760</b> |

## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

(expressed in Eastern Caribbean dollars)

#### 6 Financial risk management ...continued

##### 6.1 Credit risk analysis ...continued

(v) Maximum exposure to credit risk ...continued

##### Loans to members ...continued

(a) Expected credit loss on loans to members...continued

|   | 2021   |                               |                               |                    |
|---|--|-------------------------------|-------------------------------|--------------------|
|   | Loans to members   |                               |                               |                    |
|   | Changes in financial assets impacting expected losses by stage |                               |                               |                    |
|   | Stage 1<br>12-month<br>ECL<br>\$                               | Stage 2<br>Lifetime ECL<br>\$ | Stage 3<br>Lifetime ECL<br>\$ | Total<br>\$        |
| <b>Gross carrying amount as at December 31, 2020</b>                | <b>111,439,815</b>   | <b>825,653</b>                | <b>2,212,292</b>              | <b>114,477,760</b> |
| Transfers:  |  |                               |                               |                    |
| Transfers from Stage 1 to Stage 2                                   | (720,871)  | 720,871                       | –                             | –                  |
| Transfers from Stage 1 to Stage 3                                   | (2,263,706)  | –                             | 2,263,706                     | –                  |
| Transfers from Stage 2 to Stage 1                                   | 26,617   | (26,617)                      | –                             | –                  |
| Transfers from Stage 2 to Stage 3                                   | –  | (30,096)                      | 30,096                        | –                  |
| Transfers from Stage 3 to Stage 1                                   | 178,363  | –                             | (178,363)                     | –                  |
| New financial assets originated or purchased                        | 42,808,824   | 592,753                       | 77,453                        | 43,479,030         |
| Financial assets derecognised during the year other than write-offs | (21,141,628)   | (586,914)                     | (332,406)                     | (22,060,948)       |
| Changes in interest receivable                                      | 369,222  | 9,570                         |                               | 378,792            |
| Write-offs  | –  | –                             | (1,414,074)                   | (1,414,074)        |
| <b>Gross carrying amount as at December 31, 2021</b>                | <b>130,696,636</b>   | <b>1,505,220</b>              | <b>2,658,704</b>              | <b>134,860,560</b> |

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# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.1 Credit risk analysis ...continued

(v) *Maximum exposure to credit risk ...continued*

##### **Loans to members ...continued**

(b) *Loans to members re-negotiated*

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferred payments. Following restructuring, a previously overdue account is reset to normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators of criteria which, in the judgement of local management, indicate that payment will most likely continue. These policies are kept under continual review. Restructuring is most commonly applied to term loans, in particular customer finance loans. There were no renegotiated loans which were impaired at December 31, 2021 or 2020.

(c) *Repossessed collateral*

The Credit Union had nil repossessed collateral in its statement of financial position as at December 31, 2021 (2020: nil).

##### **Debt investment securities**

There is no formal rating of the credit quality of bonds and treasury bills. A number of qualitative and quantitative factors are considered in assessing the risk associated with each investment; however, there is no hierarchy of ranking. There are no external ratings of the securities. None of the securities are pledged as collateral.

External rating such as Standard & Poor's rating or their equivalents are used by the Credit Union for managing the credit risk exposures. Debt investments are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time. Management considers the investments to be low credit risk as these instruments are held with counterparties with high credit ratings, or operating in territories with satisfactory credit risk and no history of default. All investment securities were considered to be performing and so were classified as Stage 1 (2020: Stage 1, 100%).

##### **Cash and cash equivalents and other receivables**

Cash and cash equivalents and other receivables are measured at amortised cost and are also subject to the impairment requirement of IFRS 19, the identified impairment loss is deemed immaterial to the financial statements.

#### 6.2 Liquidity risk analysis

Liquidity risk is the risk that the Credit Union will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Credit Union's liquidity risk is subject to risk management controls and is managed within the framework of regulatory requirements, policies and limits approved by the Board. The

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**St. Kitts Co-operative Credit Union Limited**  
Notes to the Financial Statements  
**December 31, 2021**

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(expressed in Eastern Caribbean dollars)

**6 Financial risk management ...continued**

**6.2 Liquidity risk analysis...continued**

Board receives reports on liquidity risk exposures and performance against approved limits. Management provides the Board with information on liquidity risk for Board oversight purposes through its monthly meetings.

The key elements of the Credit Union's liquidity risk management framework include:

- liquidity risk measurement and management limits, including limits on maximum net cash outflow over a specified short-term horizon;
- holdings of liquid assets to support its operations, which can generally be converted to cash within a reasonable time;
- liquidity stress testing PEARLS-specific ratios; and
- liquidity contingency planning.



# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

### December 31, 2021

(expressed in Eastern Caribbean dollars)

#### 6 Financial risk management ...continued

##### 6.2 Liquidity risk analysis ...continued

The table below presents the cash flows payable by the Credit Union under non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual and undiscounted cash flows.

|  | Carrying<br>amount<br>\$ | Up to 1<br>year<br>\$ | 1 – 5 years<br>\$ | Over 5 years<br>\$ | Total<br>\$        |
|--|--------------------------|-----------------------|-------------------|--------------------|--------------------|
| <b>Liabilities</b>                     |                          |                       |                   |                    |                    |
| Members' deposits                      | 162,433,341              | 157,590,457           | –                 | 5,091,673          | 162,682,130        |
| Accounts payable and other liabilities | 1,873,844                | 1,396,614             | 477,230           | –                  | 1,873,844          |
| <b>As at December 31, 2021</b>         | <b>164,307,185</b>       | <b>158,987,071</b>    | <b>477,230</b>    | <b>5,091,673</b>   | <b>164,555,974</b> |

|   | Carrying<br>amount<br>\$ | Up to 1<br>year<br>\$ | 1 – 5 years<br>\$ | Over 5 years<br>\$ | Total<br>\$        |
|---|--------------------------|-----------------------|-------------------|--------------------|--------------------|
| <b>Liabilities</b>                          |                          |                       |                   |                    |                    |
| Members' deposits                           | 148,966,180              | 144,488,615           | –                 | 5,091,673          | 149,580,288        |
| Accounts payable and other liabilities      | 1,717,841                | 1,717,841             | –                 | –                  | 1,717,841          |
| <b>As at December 31, 2020, as restated</b> | <b>150,684,021</b>       | <b>146,206,456</b>    | <b>–</b>          | <b>5,091,673</b>   | <b>151,298,129</b> |

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# St. Kitts Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.2 Liquidity risk analysis ...continued

##### Assets held for managing liquidity risk

The Credit Union holds a diversified portfolio of cash and high-quality highly liquid securities to support payment obligations and contingent funding in a stressed market environment. The Credit Union's assets held for managing liquidity risk comprise:

- Unrestricted cash in bank;
- Certificates of deposit;
- Loans and receivables investment securities; and
- Unimpaired loans.

#### 6.3 Market risk analysis

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

(i) *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Credit Union does not face any such risk since its transactions are substantially in Eastern Caribbean Dollars, which is its functional currency. The United States Dollar, in which the Credit Union also transacts business, is fixed in relation to the Eastern Caribbean Dollar.

(ii) *Price risk*

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market. To manage this price risk arising from investments in equity securities, the Credit Union diversifies its investment portfolio.

(iii) *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is affected where there is a mismatch between interest earning assets and interest-bearing liabilities, which are subject to interest rate adjustments within a specified period.

The Credit Union actively manages its interest rate exposures with the objective of enhancing net interest income within established risk tolerances. Interest rate risk arising from the Credit Union's funding and investment activities is managed in accordance with Board-approved policies.

The table in the succeeding pages summarises the Credit Union's exposure to interest rate risks. Included in the table are the Credit Union's assets and liabilities at carrying amounts categorised by the earlier of contractual repricing and maturity dates.

**St. Kitts Co-operative Credit Union Limited**  
**Notes to the Financial Statements**  
**December 31, 2021**

(expressed in Eastern Caribbean dollars)

**6 Financial risk management ...continued**

**6.3 Market risk analysis ...continued**

(iii) *Interest rate risk...continued*

**As at December 31, 2021**

|  | <b>Interest<br/>rate %</b> | <b>Up to 1<br/>year<br/>\$</b> | <b>1 – 5 years<br/>\$</b> | <b>Over 5 years<br/>\$</b> | <b>Non-interest<br/>bearing<br/>\$</b> | <b>Total<br/>\$</b> |
|--|----------------------------|--------------------------------|---------------------------|----------------------------|--|---------------------|
| <b>Assets</b>                          |                            |                                |                           |                            |  |                     |
| Cash and cash equivalents              | 0 – 3                      | 29,008,667                     | –                         | –                          | 4,011,674                              | 33,020,341          |
| Loans to members                       | 5 – 18                     | 29,652,577                     | 70,284,857                | 30,858,301                 | 1,411,475                              | 130,795,734         |
| Investment securities                  | 2.5 – 3.85                 | 18,955,795                     | –                         | –                          | 1,525,765                              | 20,481,560          |
| Other receivables                      | –                          | –                              | –                         | –                          | 340,843                                | 340,843             |
| <b>Total financial assets</b>          |                            | <b>77,617,039</b>              | <b>70,284,857</b>         | <b>30,858,301</b>          | <b>7,289,757</b>                       | <b>184,638,478</b>  |
| <b>Liabilities</b>                     |                            |                                |                           |                            |  |                     |
| Members' deposits                      | 0 – 3                      | 157,341,668                    | –                         | –                          | 5,091,673                              | 162,433,341         |
| Accounts payable and other liabilities | –                          | –                              | –                         | –                          | 1,873,845                              | 1,873,845           |
| <b>Total financial liabilities</b>     |                            | <b>157,341,668</b>             | <b>–</b>                  | <b>–</b>                   | <b>6,965,518</b>                       | <b>164,307,186</b>  |
| <b>Total interest repricing gap</b>    |                            | <b>(79,724,629)</b>            | <b>70,284,857</b>         | <b>30,858,301</b>          | <b>324,239</b>                         | <b>20,331,292</b>   |

**St. Kitts Co-operative Credit Union Limited**  
Notes to the Financial Statements  
**December 31, 2021**

(expressed in Eastern Caribbean dollars)

**6 Financial risk management ...continued**

**6.3 Market risk analysis ...continued**

(iii) *Interest rate risk...continued*

As at December 31, 2020

|  | Interest<br>rate % | Up to 1<br>year<br>\$ | 1 – 5 years<br>\$ | Over 5 years<br>\$ | Non-interest<br>bearing<br>\$ | Total<br>\$         |
|--|--------------------|-----------------------|-------------------|--------------------|-------------------------------|---------------------|
| <b>Assets</b>                          |                    |                       |                   |                    |                               |                     |
| Cash and cash equivalents              | 0 – 3              | 35,946,524            | –                 | –                  | 3,357,930                     | 39,304,454          |
| Loans to members                       | 5 – 18             | 21,119,868            | 32,065,299        | 58,616,185         | 1,032,682                     | 112,834,034         |
| Investment securities                  | 2.5 – 3.85         | 18,761,188            | –                 | –                  | 871,598                       | 19,632,786          |
| Other receivables                      | –                  | –                     | –                 | –                  | 189,337                       | 189,337             |
| <b>Total financial assets</b>          |                    | <b>75,827,580</b>     | <b>32,065,299</b> | <b>58,616,185</b>  | <b>5,451,547</b>              | <b>171,960,611</b>  |
| <b>Liabilities</b>                     |                    |                       |                   |                    |                               |                     |
| Members' deposits                      | 0 – 3              | 143,874,507           | –                 | –                  | 5,091,673                     | 148,966,180         |
| Accounts payable and other liabilities | –                  | –                     | –                 | –                  | 1,717,289                     | 1,717,289           |
| <b>Total financial liabilities</b>     |                    | <b>143,874,507</b>    | <b>–</b>          | <b>–</b>           | <b>6,808,962</b>              | <b>150,683,469</b>  |
| <b>Total interest repricing gap</b>    |                    | <b>(68,046,927)</b>   | <b>32,065,299</b> | <b>58,616,185</b>  | <b>(1,357,415)</b>            | <b>(21,277,142)</b> |

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 6 Financial risk management ...continued

##### 6.3 Market risk analysis ...continued

###### (iii) Interest rate risk...continued

###### *Fair value interest rate sensitivity analysis*

The financial assets and financial liabilities held by the Credit Union have fixed rates over the life of the instruments and so the sensitivity analysis is not required.

###### *Cash flow interest rate sensitivity analysis*

The Credit Union is not exposed to any cash flow interest rate risk as it has no variable rate financial instruments.

##### 6.4 Operational risk

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

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

The primary responsibility for development and implementation of controls to address operational risk is assigned to management within the Credit Union. This responsibility is supported by the development of overall Credit Union standards for the management of operational risk by establishing requirements for:

- appropriate segregation of duties, including the independent authorisation of transactions;
- the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with the Credit Union's standards is supported by a programme of periodic reviews undertaken by the Supervisory Committee. The results of the Supervisory Committee reviews are discussed with management, with summaries to the Board of Directors.

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 7 Fair value of financial assets and liabilities

a) *Financial instruments not measured at fair value*

The table below summarises the carrying amounts and fair values of the Credit Union's financial assets and liabilities not presented on the statement of financial position at their fair values.

|  | Carrying value     |             | Fair value         |             |
|--|--------------------|-------------|--------------------|-------------|
|  | 2021               | 2020        | 2021               | 2020        |
|  | \$                 | Restated    | \$                 | Restated    |
|  |                    | \$          |                    | \$          |
| <b>Financial assets</b>                |                    |             |                    |             |
| Cash and cash equivalents              | 33,020,341         | 39,304,454  | 33,020,341         | 39,304,454  |
| Loans to members                       | 132,207,210        | 112,834,034 | 132,207,210        | 112,834,034 |
| <i>Investment securities:</i>          |                    |             |                    |             |
| Financial assets at amortised cost     | 18,955,795         | 18,761,188  | 18,955,795         | 18,761,188  |
| Other assets                           | 340,843            | 189,337     | 340,843            | 189,337     |
|  | <b>184,524,189</b> | 171,089,013 | <b>184,524,189</b> | 171,089,013 |
| <b>Financial liabilities</b>           |                    |             |                    |             |
| Members' deposits                      | 162,433,341        | 148,966,180 | 162,433,341        | 148,966,180 |
| Accounts payable and other liabilities | 1,873,844          | 1,717,289   | 1,873,844          | 1,717,289   |
|  | <b>164,307,185</b> | 150,683,469 | <b>164,307,185</b> | 150,683,469 |

(i) *Loans to members*

The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(ii) *Investment securities*

The fair value of assets which are held to maturity to collect contractual cash flows is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated for debt investment securities based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and remaining maturity.

(iii) *Members' deposits*

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new deposits with similar remaining maturity.

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 7 Fair value of financial assets and liabilities...continued

##### b) Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, 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 or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at December 31, 2021 and 2020.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into the following levels of the fair value hierarchy.

|                           | Level 1<br>\$ | Level 2<br>\$ | Level 3<br>\$ | Total<br>\$ |
|---------------------------|---------------|---------------|---------------|-------------|
| <b>December 31, 2021</b>  |               |               |               |             |
| <b>Financial assets</b>   |               |               |               |             |
| Financial assets at FVOCI | –             | 641,665       | 884,100       | 1,525,765   |
| <b>December 31, 2020</b>  |               |               |               |             |
| <b>Financial assets</b>   |               |               |               |             |
| Financial assets at FVOCI | –             | 687,498       | 184,100       | 871,598     |

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 7 Fair value of financial assets and liabilities

##### b) Fair value measurement of financial instruments ... continued

The Credit Union's finance team performs valuations of financial items for financial reporting purposes. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information. The finance team reports directly to the Chief Executive Officer and to the Board of Directors. Valuation processes and fair value changes are discussed among the Board of Directors and the valuation team at least every year, in line with the Credit Union's reporting dates. The valuation techniques used for instruments categorised in Level 3 are described below:

##### *Financial assets at FVOCI*

The fair value is generally on broker/dealer price quotations. Where these are not available, the Credit Union applies valuation techniques to determine the fair value of financial instruments.

##### c) Fair value measurement of non-financial assets

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at December 31, 2021 and December 31, 2020.

|   | Level 1 | Level 2           | Level 3 | Total             |
|---|---------|-------------------|---------|-------------------|
|   | \$      | \$                | \$      | \$                |
| <b>December 31, 2021</b>                                    |         |                   |         |                   |
| Land and freehold building at Cayon and Church Streets      | –       | 2,322,583         | –       | 2,322,583         |
| Land and freehold building at Bladen Commercial Development | –       | 9,719,041         | –       | 9,719,041         |
| Land and freehold buildings at New Street                   | –       | 2,434,480         | –       | 2,434,480         |
|   | –       | <b>14,476,104</b> | –       | <b>14,476,104</b> |



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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 7 Fair value of financial assets and liabilities

c) *Measurement of non-financial assets ... continued*

|   | Level 1 | Level 2           | Level 3 | Total             |
|---|---------|-------------------|---------|-------------------|
|   | \$      | \$                | \$      | \$                |
| <b>December 31, 2020</b>                                    |         |                   |         |                   |
| <b>Property and equipment</b>                               |         |                   |         |                   |
| Land and freehold building at Bladen Commercial Development | –       | 9,900,001         | –       | 9,900,001         |
| Land and freehold buildings at New Street                   | –       | 2,516,000         | –       | 2,516,000         |
|   | –       | <b>12,416,001</b> | –       | <b>12,416,001</b> |

Fair value of the Credit Union's main property assets is estimated based on appraisals performed by independent, professionally qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors at each reporting date.

#### 8 Capital management policies and procedures

The Credit Union has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This capital management process aims to achieve three major objectives:

- exceed regulatory thresholds;
- meet long-term internal capital targets; and
- provide the Credit Union's members with a source of finance.

Capital is managed in accordance with the Board-approved Capital Management Policy which is based on regulatory requirements of the Co-operative Societies Act and the PEARLS regulations. Management and the Board of Directors develop the capital strategy and oversee the capital management processes of the Credit Union. The Credit Union's management and Supervisory Committee are key in implementing the Credit Union's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal metrics.

The three primary regulatory capital ratios used to assess capital adequacy are as follows:

|                                    | Regulatory requirement | 2021 %      | 2020 % |
|------------------------------------|------------------------|-------------|--------|
| Net loans/total assets             | 70% to 80%             | <b>64.6</b> | 60.0   |
| Institutional capital/total assets | 10% minimum            | <b>8.75</b> | 8.95   |
| Total delinquency/total loans      | 5% maximum             | <b>5.23</b> | 3.42   |

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 9 Cash and cash equivalents

|                     | 2021              | 2020              |
|---------------------|-------------------|-------------------|
|                     | \$                | \$                |
| Cash on hand        | 4,011,674         | 3,357,930         |
| Cash at banks       | 20,964,296        | 27,981,073        |
| Short-term deposits | 8,044,371         | 7,965,451         |
|                     | <u>33,020,341</u> | <u>39,304,454</u> |

The Credit Union's bank balances are held at St. Kitts-Nevis-Anguilla National Bank Limited, Nevis Co-operative Credit Union Limited, Police Co-operative Credit Union Limited and Republic Bank (EC) Limited. These accounts earn interest at a rate of 0% – 3% (2020: 0% – 3%).

Short term deposits are held with St Kitts-Nevis-Anguilla National Bank Limited and matures on December 31. These deposits earn interest at a rate of 1% (2020: 1%) and mature on January 26, 2022.

#### 10 Loans to members

|   | 2021               | 2020               |
|---|--------------------|--------------------|
|   | \$                 | \$                 |
| Construction                              | 40,798,002         | 39,309,517         |
| Promotional                               | 32,795,576         | 13,594,291         |
| Land and property                         | 21,204,886         | 18,640,072         |
| Consumer                                  | 18,227,159         | 20,528,919         |
| Vehicle                                   | 10,888,799         | 12,891,916         |
| Restructured loans and consolidated bills | 5,380,860          | 4,458,288          |
| Commercial                                | 2,856,252          | 2,918,187          |
| Education                                 | 1,297,551          | 1,103,887          |
|   | <u>133,449,085</u> | 113,445,077        |
| Interest receivable                       | 1,411,475          | 1,032,683          |
|   | <u>134,860,560</u> | 114,477,760        |
| Provision for expected credit losses      | <u>(2,653,350)</u> | <u>(1,643,726)</u> |
| Total loans to members                    | <u>132,207,210</u> | <u>112,834,034</u> |
| Current                                   | 21,941,045         | 22,152,550         |
| Non-current                               | 110,266,165        | 90,681,484         |
|   | <u>132,207,210</u> | <u>112,834,034</u> |

As at December 31, 2021, interest rates charged on loans ranged from 5.0% – 18.0% (2020: 5.0% – 18.0%). The weighted average effective interest rate on productive loans to members at amortised cost as at December 31, 2021 is 9.14% (2020: 9.55%).

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 10 Loans to members...continued

The movement in provision for expected credit losses is as follows:

|   | 2021               | 2020        |
|---|--------------------|-------------|
|   | \$                 | \$          |
| <b>Balance at beginning of the year</b>           | <b>1,643,726</b>   | 2,053,235   |
| Provision for expected credit losses for the year | <b>2,423,698</b>   | 891,307     |
| Amounts written off during the year               | <b>(1,414,074)</b> | (1,300,816) |
| <b>Balance at end of year</b>                     | <b>2,653,350</b>   | 1,643,726   |

During the year, the Credit Union recovered previously written-off bad debts amounting to \$876,781 (2020: \$355,243) which is recognised as part of "Other income" (see note 20).

The Credit Union's loan loss provision has been made in accordance with the requirements of IFRS 9. Under the PEARLS methodology, the Credit Union provides for loan losses at the rate of thirty-five percent (35%) on balances less than twelve (12) months old and one hundred (100%) percent on balances more than twelve (12) months old on the net amount of delinquent loans according to the policy set by the Board of Directors. The PEARLS methodology is the basis of provision required by the Co-operatives Societies Act, No. 31 of 2011. As of December 31, 2021, the provision for credit losses in accordance with the PEARLS methodology amounted to \$1,338,922 (2020: \$580,965).

## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

(expressed in Eastern Caribbean dollars)

#### 11 Investment securities

|   | 2021              | 2020              |
|---|-------------------|-------------------|
|   | \$                | \$                |
| <b>Financial assets at FVOCI</b>                |                   |                   |
| Listed equities                                 | 641,665           | 687,498           |
| Unlisted equity                                 | 884,100           | 184,100           |
| <b>Total financial assets at FVOCI</b>          | <b>1,525,765</b>  | <b>871,598</b>    |
| <b>Financial assets at amortised cost</b>       |                   |                   |
| Fixed deposits                                  | 9,560,679         | 9,261,069         |
| Bonds   | 5,423,000         | 5,360,000         |
| Treasury bills                                  | 4,021,075         | 4,021,075         |
|   | <b>19,004,754</b> | 18,642,144        |
| Interest receivable                             | 120,133           | 119,044           |
| Total   | 19,124,887        | 18,761,188        |
| Provision for expected credit losses            | (169,092)         | –                 |
| <b>Total financial assets at amortised cost</b> | <b>18,955,795</b> | <b>18,761,188</b> |
| <b>Total investment securities</b>              | <b>20,481,560</b> | <b>19,632,786</b> |
|   | 2021              | 2020              |
|   | \$                | \$                |
| Current   | 18,955,795        | 18,761,188        |
| Non-current                                     | 1,525,765         | 871,598           |
|   | <b>20,481,560</b> | <b>19,632,786</b> |

The movement of investment securities during the year is as follow:

|                                     | FVOCI          | Amortised<br>cost | Total             |
|-------------------------------------|----------------|-------------------|-------------------|
|                                     | \$             | \$                | \$                |
| <b>December 31, 2020</b>            |                |                   |                   |
| <b>Balance at beginning of year</b> | <b>859,098</b> | <b>18,407,196</b> | <b>19,266,294</b> |
| Additions                           | –              | 350,265           | 350,265           |
| Unrealised fair value gain          | 12,500         | –                 | 12,500            |
| Movement in interest receivable     | –              | 3,727             | 3,727             |
| <b>Balance at end of year</b>       | <b>871,598</b> | <b>18,761,188</b> | <b>19,632,786</b> |

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 11 Investment securities... *continued*

|                                     | FVOCI<br>\$      | Amortised<br>cost<br>\$ | Total<br>\$       |
|-------------------------------------|------------------|-------------------------|-------------------|
| <b>December 31, 2021</b>            |                  |                         |                   |
| <b>Balance at beginning of year</b> | <b>871,598</b>   | <b>18,761,188</b>       | <b>19,632,786</b> |
| Additions                           | 700,000          | 362,610                 | 1,062,610         |
| Unrealised fair value loss          | (45,833)         | –                       | (45,833)          |
| Movement in interest receivable     | –                | 1,089                   | 1,089             |
| <b>Balance at end of year</b>       | <b>1,525,765</b> | <b>19,124,887</b>       | <b>20,650,652</b> |

The movement in the provision for expected credit losses is as follows:

|   | 2021<br>\$     | 2020<br>\$ |
|---|----------------|------------|
| <b>Balance at beginning of year</b>               | –              | –          |
| Provision for expected credit losses for the year | 169,092        | –          |
| <b>Balance at end of year</b>                     | <b>169,092</b> | –          |

#### Financial assets at FVOCI

##### *Listed equities*

The SKCCU has equity instruments in two (2) financial institutions within St. Kitts and Nevis.

##### *Unlisted equity*

The SKCCU has equity instruments in the Eastern Caribbean Home Mortgage Bank.

#### Financial assets at amortised cost

##### *Fixed deposits*

The SKCCU has various fixed deposits ranging from six months to one-year. Term deposits are held with various financial institutions in St. Kitts and Nevis and earn interest ranging from 2.5% – 3.5% (2020: 2.5% – 3.5%) with maturity dates ranging from February 26, 2022 to December 30, 2022.

##### *Bonds*

Bonds denominated in Eastern Caribbean Dollars are held with the Eastern Caribbean Home Mortgage Bank and yield interest rates of 2.5% (2020: 2.5%) with maturity dates ranging from October 22, 2022 to November 25, 2022.

##### *Treasury bills*

The treasury bills have a maturity period of 182 days and are held with the local Government and earn interest at a rate of 3.85% (2020: 3.85%). The treasury bills mature on May 1, 2022.

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 12 Other assets

|   | 2021             | 2020             |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>Residential housing development:</b> |                  |                  |
| Deposit on purchase of land             | 1,817,957        | 1,817,957        |
| Land development costs                  | 865,517          | 282,626          |
| Other receivables                       | 340,843          | 189,337          |
| Prepayments                             | 326,542          | 254,428          |
| Office supplies                         | 194,999          | 217,604          |
|   | <u>3,545,858</u> | <u>2,761,952</u> |
| Current                                 | 862,384          | 661,369          |
| Non-current                             | <u>2,683,474</u> | <u>2,100,583</u> |
|   | <u>3,545,858</u> | <u>2,761,952</u> |

The estimated fair market value of the residential housing development is \$3,827,076 based on management's estimate of the value of the project. This assessment was completed as at December 31, 2021.

**St. Kitts Co-operative Credit Union Limited**  
Notes to the Financial Statements  
**December 31, 2021**

(expressed in Eastern Caribbean dollars)

**13 Property and equipment**

|  | Land<br>\$       | Building<br>\$    | Equipment<br>\$  | Furniture<br>and<br>fittings<br>\$ | Office<br>equipment<br>\$ | Computer<br>equipment<br>\$ | Telephone<br>equipment<br>\$ | Motor<br>vehicle<br>\$ | Total<br>\$       |
|--|------------------|-------------------|------------------|------------------------------------|---------------------------|-----------------------------|------------------------------|------------------------|-------------------|
| <b>At December 31, 2019</b>                          | <b>1,095,128</b> | <b>10,065,382</b> | <b>1,298,448</b> | <b>478,227</b>                     | <b>347,623</b>            | <b>754,070</b>              | <b>122,147</b>               | <b>196,920</b>         | <b>14,357,945</b> |
| Additions  | –                | –                 | –                | 9,728                              | 17,585                    | 134,767                     | –                            | –                      | 162,080           |
| Revaluation surplus                                  | 582,873          | 1,904,451         | –                | –                                  | –                         | –                           | –                            | –                      | 2,487,324         |
| Effect of elimination of<br>accumulated depreciation | –                | (1,231,833)       | –                | –                                  | –                         | –                           | –                            | –                      | (1,231,833)       |
| Disposals  | –                | –                 | (8,850)          | –                                  | (758)                     | (15,971)                    | –                            | –                      | (25,579)          |
| <b>At December 31, 2020</b>                          | <b>1,678,001</b> | <b>10,738,000</b> | <b>1,289,598</b> | <b>487,955</b>                     | <b>364,450</b>            | <b>872,866</b>              | <b>122,147</b>               | <b>196,920</b>         | <b>15,749,937</b> |
| Additions  | 532,325          | 1,817,675         | –                | –                                  | 33,044                    | 192,538                     | –                            | –                      | 2,575,582         |
| Disposals  | –                | –                 | –                | –                                  | (6,550)                   | –                           | –                            | –                      | (6,550)           |
| <b>At December 31, 2021</b>                          | <b>2,210,326</b> | <b>12,555,675</b> | <b>1,289,598</b> | <b>487,955</b>                     | <b>390,944</b>            | <b>1,065,404</b>            | <b>122,147</b>               | <b>196,920</b>         | <b>18,318,969</b> |

**St. Kitts Co-operative Credit Union Limited**  
Notes to the Financial Statements  
**December 31, 2021**

(expressed in Eastern Caribbean dollars)

**13 Property and equipment ... continued**

|   | Land<br>\$       | Building<br>\$    | Equipment<br>\$ | Furniture<br>and<br>fittings<br>\$ | Office<br>equipment<br>\$ | Computer<br>equipment<br>\$ | Telephone<br>equipment<br>\$ | Motor<br>vehicle<br>\$ | Total<br>\$       |
|---|------------------|-------------------|-----------------|------------------------------------|---------------------------|-----------------------------|------------------------------|------------------------|-------------------|
| <b>At December 31, 2019</b>             | –                | 984,072           | 856,070         | 440,915                            | 276,529                   | 614,274                     | 89,934                       | 133,908                | 3,395,702         |
| Charge for the year                     | –                | 247,761           | 82,228          | 14,678                             | 24,479                    | 66,482                      | 14,644                       | 23,634                 | 473,906           |
| Reversal of accumulated<br>depreciation | –                | (1,231,833)       | –               | –                                  | –                         | –                           | –                            | –                      | (1,231,833)       |
| Write-back on disposals                 | –                | –                 | –               | –                                  | (758)                     | (15,967)                    | –                            | –                      | (16,725)          |
| <b>At December 31, 2020</b>             | –                | –                 | 938,298         | 455,593                            | 300,250                   | 664,789                     | 104,578                      | 157,542                | 2,621,050         |
| Charge for the year                     | –                | 289,897           | 67,404          | 13,846                             | 27,123                    | 95,475                      | 14,644                       | 23,635                 | 532,023           |
| Write-back on disposals                 | –                | –                 | –               | –                                  | (5,674)                   | –                           | –                            | –                      | (5,674)           |
| <b>At December 31, 2021</b>             | –                | 289,897           | 1,005,702       | 469,439                            | 321,699                   | 760,264                     | 119,222                      | 181,177                | 3,147,400         |
| <b>Carrying values:</b>                 |                  |                   |                 |                                    |                           |                             |                              |                        |                   |
| <b>At December 31, 2021</b>             | <b>2,210,326</b> | <b>12,265,778</b> | <b>283,896</b>  | <b>18,516</b>                      | <b>69,245</b>             | <b>305,140</b>              | <b>2,925</b>                 | <b>15,743</b>          | <b>15,171,569</b> |
| <b>At December 31, 2020</b>             | <b>1,678,001</b> | <b>10,738,000</b> | <b>351,300</b>  | <b>32,362</b>                      | <b>64,200</b>             | <b>208,077</b>              | <b>17,569</b>                | <b>39,378</b>          | <b>13,128,887</b> |



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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 13 Property and equipment...continued

##### *Revaluation reserve*

Revaluation reserve represents the excess of appraised values over the cost of the Credit Union's land and building as a result of a professional valuation which has been adopted by the Credit Union. The Credit Union's property valuation was performed by an independent professional valuator as at December 31, 2020. The excess of the appraised value over cost amounted to \$2,487,324, which was credited to the revaluation reserve. During the financial year ended December 31, 2021, an additional building was purchased and is carried at fair value. The Credit Union assessed that purchase price of the land and building to be its fair value given that the transaction occurred at arm's length between willing and knowledgeable third parties.

The following are the historical cost carrying amounts of land and building carried at revalued amounts as of December 31.

|                          | 2021             |                  |                  |
|--------------------------|------------------|------------------|------------------|
|                          | Land<br>\$       | Buildings<br>\$  | Total<br>\$      |
| Cost                     | 1,094,096        | 6,415,281        | 7,509,377        |
| Accumulated depreciation | –                | (1,999,054)      | (1,999,054)      |
| <b>Net book value</b>    | <b>1,094,096</b> | <b>4,416,227</b> | <b>5,510,323</b> |

|                          | 2020           |                  |                  |
|--------------------------|----------------|------------------|------------------|
|                          | Land<br>\$     | Buildings<br>\$  | Total<br>\$      |
| Cost                     | 561,821        | 4,597,556        | 5,159,377        |
| Accumulated depreciation | –              | (1,815,152)      | (1,815,152)      |
| <b>Net book value</b>    | <b>561,821</b> | <b>2,782,404</b> | <b>3,344,225</b> |

**St. Kitts Co-operative Credit Union Limited**  
Notes to the Financial Statements  
**December 31, 2021**

(expressed in Eastern Caribbean dollars)

**14 Intangible assets**

|                                  | <b>Computer<br/>software<br/>\$</b> |
|----------------------------------|-------------------------------------|
| <b>Cost</b>                      |                                     |
| As at December 31, 2019 and 2020 | 957,076                             |
| Additions                        | 6,694                               |
| As at December 31 2021           | <u>963,770</u>                      |
| <b>Accumulated amortisation</b>  |                                     |
| As at December 31, 2019          | 508,793                             |
| Charge for the year              | 151,262                             |
| As at December 31, 2020          | 660,055                             |
| Charge for the year              | 150,827                             |
| As at December 31, 2021          | <u>810,882</u>                      |
| <b>Carrying values</b>           |                                     |
| As at December 31, 2021          | <u><b>152,888</b></u>               |
| As at December 31, 2020          | <u><b>297,021</b></u>               |

**15 Members' deposits**

|                                | <b>2021<br/>\$</b> | <b>2020<br/>\$</b> |
|--------------------------------|--------------------|--------------------|
| Regular savings                | <b>119,857,474</b> | 110,666,570        |
| Term deposits                  | <b>42,230,904</b>  | 37,978,952         |
|                                | <b>162,088,378</b> | 148,645,522        |
| Interest payable               | <b>344,963</b>     | 320,658            |
| <b>Total members' deposits</b> | <b>162,433,341</b> | 148,966,180        |
| Current                        | <b>157,341,668</b> | 143,874,507        |
| Non-current                    | <b>5,091,673</b>   | 5,091,673          |
|                                | <b>162,433,341</b> | 148,966,180        |

The weighted average effective interest rate on members' deposits as at December 31, 2021 is 2.01% (2020: 2.12%).

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 16 Accounts payable and other liabilities

|   | 2021             | 2020             |
|---|------------------|------------------|
|   | \$               | Restated<br>\$   |
| Due to Caribbean Credit Card Corporation            | 1,072,781        | 1,023,734        |
| Deferred loan fees                                  | 694,908          | 689,129          |
| Accrued expenses and other payables                 | 456,780          | 466,835          |
| Accounts payable                                    | 344,283          | 227,272          |
| <b>Total accounts payable and other liabilities</b> | <b>2,568,752</b> | <b>2,406,970</b> |
| Current   | 1,586,633        | 897,797          |
| Non-current   | 982,119          | 1,509,173        |
|   | <b>2,568,752</b> | <b>2,406,970</b> |

#### 17 Members' shares

|                                  | 2021              | 2020             |
|----------------------------------|-------------------|------------------|
|                                  | \$                | \$               |
| Balance at beginning of the year | 9,437,345         | 8,572,080        |
| Issued during the year           | 1,041,225         | 865,265          |
| <b>Balance at end of year</b>    | <b>10,478,570</b> | <b>9,437,345</b> |

#### 18 Reserves

|                                      | 2021              | 2020              |
|--------------------------------------|-------------------|-------------------|
|                                      | \$                | \$                |
| Property revaluation reserve         | 10,664,775        | 10,664,775        |
| Statutory reserve                    | 7,572,282         | 6,839,928         |
| Other reserve                        | 2,025,969         | 2,025,969         |
| Financial assets revaluation reserve | 349,165           | 394,998           |
| Development fund reserve             | 261,932           | 214,152           |
|                                      | <b>20,874,123</b> | <b>20,139,822</b> |

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 18 Reserves ...continued

##### i) Property revaluation reserve

On March 10, 2021, the Credit Union revalued its properties at New Street and Bladen Commercial Development. The revalued amount was \$12,416,001 based on the independent valuation of a qualified valuer, where a revaluation surplus of \$2,487,324 was recognised in the statement of changes in members' equity. After revaluation, total revaluation reserve aggregated to \$10,664,775 as at December 31, 2020.

##### ii) Statutory reserve

Part VII, Section 125 of the Co-operatives Societies Act, No. 31 of 2011 provides for a Reserve Fund to be established and maintained. The Act requires the Credit Union, after the annual audit and if a net surplus exists, to transfer not less than 25% to its statutory reserve fund until the reserve equals to 10% of total assets. The reserve fund may be applied, with the approval of the Registrar, in the business of the society, unforeseen losses, unexpected shortfalls in liquid cash, capital retention, improved earnings, financing of non-earning assets, repairs and maintenance and the avoidance of external borrowing. Entrance fees are credited to the statutory reserve.

|   | 2021             | 2020             |
|---|------------------|------------------|
|   | \$               | \$               |
| Balance at beginning of year                    | 6,839,928        | 5,825,112        |
| Entrance fees                                   | 6,583            | 6,837            |
| Transfer from retained earnings during the year | 725,771          | 1,007,979        |
| <b>Balance at end of year</b>                   | <b>7,572,282</b> | <b>6,839,928</b> |

##### iii) Other reserve

Other reserve represents cumulative amounts appropriated from retained earnings based on the discretion of the Board of Directors and guidance from the Regulators. It is the policy of the Board of Directors to periodically transfer amounts from retained earnings to other reserve as part of the Credit Union's risk management. Other reserve represents a non-distributable reserve and this is not available for the payment of dividends.

##### iv) Financial assets revaluation reserve

The Credit Union opted to recognise its equity securities as financial assets at FVOCI with unrealised gains or losses being recognised in revaluation reserve in the statement of changes in members' equity. Unrealised fair value loss in 2021 amounted to \$45,833 (2020: unrealised fair value gain, \$12,500).

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 18 Reserves ...continued

##### v) Development fund reserve

Part VII, Section 126 of the Co-operatives Societies Act, No. 31 of 2011 provides for a Development Fund to be established and maintained. The Act requires the Credit Union, after the annual audit and if a net surplus exists, to make an annual contribution to its development fund, as determined and approved by the Board of Directors, not exceeding ten percent (10%) of that surplus and such fund shall be used for strengthening the capacity and growth of the Credit Union and for human resource development.

The Board of Directors approved the allocation of 2.5% of net surplus for the year ended amounting to \$72,577 (2020: 2.5%; \$100,798) to the Development fund reserve.

|                               | 2021           | 2020           |
|-------------------------------|----------------|----------------|
|                               | \$             | \$             |
| Balance at beginning of year  | 214,152        | 140,230        |
| Allocation for the year       | 72,577         | 100,798        |
| Use of development fund       | (24,797)       | (26,876)       |
| <b>Balance at end of year</b> | <b>261,932</b> | <b>214,152</b> |

#### 19 Interest expense

|                  | 2021             | 2020             |
|------------------|------------------|------------------|
|                  | \$               | \$               |
| Savings deposits | 2,213,413        | 2,020,709        |
| Term deposits    | 911,354          | 862,800          |
|                  | <b>3,124,767</b> | <b>2,883,509</b> |

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 20 Other income

|  | Note | 2021<br>\$       | 2020<br>\$       |
|--|------|------------------|------------------|
| Fees and commissions                       |      | 1,511,966        | 1,672,133        |
| Bad debt recovered                         | 10   | 876,781          | 355,243          |
| Chequing account fees                      |      | 236,937          | 206,710          |
| Credit card fees                           |      | 119,727          | 107,251          |
| Miscellaneous                              |      | 72,616           | 109,887          |
| Dividend income                            |      | 61,948           | 17,410           |
| Rental income                              |      | 38,319           | 12,000           |
| Loss on sale of Scenic View Homes unit     |      | –                | (18,114)         |
| Foreign exchange (losses)/gains, net       |      | (250)            | 6,283            |
| Loss on disposal of property and equipment |      | (877)            | –                |
|  |      | <u>2,917,167</u> | <u>2,468,803</u> |

#### 21 Staff costs

|                               | 2021<br>\$       | 2020<br>\$       |
|-------------------------------|------------------|------------------|
| Salaries and wages            | 2,373,555        | 2,282,893        |
| Staff benefits                | 359,107          | 269,311          |
| Social security contributions | 214,400          | 220,204          |
| Total staff costs             | <u>2,947,062</u> | <u>2,772,408</u> |

The number of employees as at December 31, 2021 was 41 (2020: 46).

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 22 General and administrative expenses

|                             | 2021             | 2020             |
|-----------------------------|------------------|------------------|
|                             | \$               | Restated<br>\$   |
| Insurance                   | 463,849          | 403,237          |
| Repairs and maintenance     | 393,386          | 428,079          |
| Utilities                   | 282,938          | 272,740          |
| Professional fees           | 258,905          | 187,917          |
| Security services           | 144,182          | 109,407          |
| Subscriptions and dues      | 137,625          | 127,600          |
| SKCCU Committee             | 98,491           | 96,479           |
| Postage and stationery      | 94,254           | 127,430          |
| Credit card processing fees | 83,189           | 75,068           |
| Annual general meeting      | 19,849           | 27,752           |
| Meeting and convention      | 16,301           | 294              |
| Transportation and travel   | 12,317           | 12,600           |
| Registration fee            | 10,100           | 10,100           |
| Property tax                | 6,010            | 6,254            |
| Miscellaneous               | 2,989            | 401              |
|                             | <u>2,024,385</u> | <u>1,885,358</u> |

#### 23 Provision for expected credit losses

|                                 | 2021             | 2020           |
|---------------------------------|------------------|----------------|
|                                 | \$               | \$             |
| Loans to members (note 10)      | 2,423,698        | 891,307        |
| Investment securities (note 11) | 169,092          | –              |
|                                 | <u>2,592,790</u> | <u>891,307</u> |

#### 24 Depreciation and amortisation

|  | 2021           | 2020           |
|--|----------------|----------------|
|  | \$             | \$             |
| Depreciation of property and equipment (note 13) | 532,023        | 473,906        |
| Amortisation of intangible assets (note 14)      | 150,827        | 151,262        |
|  | <u>682,850</u> | <u>625,168</u> |

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 25 Income tax

Under the Income Tax Act of St. Kitts and Nevis, the Credit Union is classified as a non-profit organisation and is therefore exempt from the payment of income tax.

#### 26 Related party balances and transactions

##### Related parties

A related party is a person or entity that is related to the Credit Union:

- a) A person or a close member of that person's family is related to the Credit Union if that person:
- i) has control or joint control over the Credit Union;
  - ii) has significant influence over the Credit Union; or
  - iii) is a member of the key management personnel of the Credit Union, or of a parent of the Credit Union.
- b) An entity is related to the Credit Union if any of the following conditions applies:
- i) The entity and the Credit Union 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 entities 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 Credit Union or an entity related to the Credit Union.
  - vi) The entity is controlled, or jointly controlled by a person identified in (a).

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).

##### Related party balances

|                                     | Total loans      |                | Total deposits   |                  |
|-------------------------------------|------------------|----------------|------------------|------------------|
|                                     | 2021             | 2020           | 2021             | 2020             |
|                                     | \$               | \$             | \$               | \$               |
| Board of Directors                  | 237,759          | 178,947        | 434,199          | 374,846          |
| Credit committee                    | 32,687           | 28             | 54,841           | 115,391          |
| Supervisory committee               | 522,098          | 115,514        | 248,692          | 227,651          |
| Key management personnel            | 689,107          | 256,824        | 416,509          | 333,444          |
| <b>Total related party balances</b> | <b>1,481,651</b> | <b>551,313</b> | <b>1,154,241</b> | <b>1,051,332</b> |



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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 26 Related party balances and transactions ...continued

##### Related party transactions

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

Transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, on commercial terms and conditions.

|                              | 2021   | 2020   |
|------------------------------|--------|--------|
|                              | \$     | \$     |
| Interest income on loans     | 72,542 | 31,412 |
| Interest expense on deposits | 23,751 | 28,949 |

Interest rates on related party deposits range from 0% – 3% (2020: 0% – 3%). Interest rates on related party loans range from 5% – 15% (2020: 5% – 15%).

##### Key management personnel compensation

Salaries and related benefits paid to key members of management are as follow:

|                         | 2021             | 2020             |
|-------------------------|------------------|------------------|
|                         | \$               | \$               |
| Salaries and allowances | 926,299          | 915,540          |
| Other staff costs       | 225,353          | 135,722          |
|                         | <u>1,151,652</u> | <u>1,051,262</u> |

#### 27 Dividends

In 2021, the Credit Union declared and paid a dividend of \$888,914 in respect of the 2020 financial year (2020: \$554,187 in respect of the 2019 financial year) to its members.

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## St. Kitts Co-operative Credit Union Limited

### Notes to the Financial Statements

December 31, 2021

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(expressed in Eastern Caribbean dollars)

#### 28 Impact of Coronavirus (Covid-19) pandemic

##### *COVID-19 Pandemic*

Since December 31, 2019, the spread of a novel strain of coronavirus, COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

The Government of St. Kitts and Nevis and the ECCB have responded with monetary and fiscal interventions to stabilise economic conditions in the Federation. This included a loan repayment deferral programme (moratorium) in conjunction with the Eastern Caribbean Currency Union Bankers Association. Accordingly, as of December 31, 2021, the Credit Union had a total of \$12,664,554 loans that were included in the moratorium programme. As at February 28, 2022, the loans amounted to \$11,796,286. The moratoriums were issued for a period of 3 months and then extended by two subsequent 3-month periods with further extensions possible in light of changes in the economic outlook brought about by the pandemic.

The Credit Union considered the impact of the COVID-19 pandemic in the forward-looking information used to derive the expected credit losses on its financial assets. The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Credit Union for future periods.

#### 29 Restatement of prior periods

##### *Recognition of accounts payable related to Caribbean Credit Card Corporation.*

The Credit Union did not recognise certain charges incurred from its service provider, Caribbean Credit Card Corporation. As a result, the accounts payable and other liabilities was understated and retained earnings was overstated. The correction of the prior period error had been accounted for retrospectively, and the comparative financial information has also been restated. The effect has been tabulated below. Opening retained earnings has decreased by \$852,393, which is the amount of the adjustment related to 2019 and earlier periods. The effect on cash flows has been effected in the restated cash flow statement as a result of the restatement of the comparative balances as of January 1, 2020 and December 31, 2020. There have been no adjustments made to allocations to reserves based on adjustments impacting the statement of comprehensive income.

|  | Account payable and<br>other liabilities<br>\$ | Retaining earnings<br>\$ |
|--|--|--------------------------|
| <b>Balance as previously reported at January 1, 2020</b>   | <b>1,787,616</b>                               | 5,594,327                |
| Correction of prior period error                           | <b>852,393</b>                                 | (852,393)                |
| <b>Balance as restated as at January 1, 2020</b>           | <b>2,640,009</b>                               | 4,741,934                |
| <b>Balance as previously reported at December 31, 2020</b> | <b>1,452,509</b>                               | 7,963,278                |
| Correction of prior error period                           | <b>954,461</b>                                 | (954,461)                |
| <b>Balance as restated as at December 31, 2020</b>         | <b>2,406,970</b>                               | 7,008,817                |

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**St. Kitts Co-operative Credit Union Limited**  
Notes to the Financial Statements  
**December 31, 2021**

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(expressed in Eastern Caribbean dollars)

**29 Restatement of prior periods ...continued**

**Statement of comprehensive income**

*General and administrative expenses*

|  |                         |
|--|-------------------------|
|  | \$                      |
| <b>Balance as previously reported at December 31, 2020</b> | <b>1,783,290</b>        |
| Correction of prior period error                           | <u>102,068</u>          |
| <b>Balance as restated as at December 31, 2020</b>         | <u><b>1,885,358</b></u> |



# SKCCU Celebrates 40

Annual Report 2021



**40-**  
years

Resilience and Continuity



# Message from the President



MR. ALEX STRAUN



It is an exciting year for the St. Kitts Co-operative Credit Union as we celebrate forty (40) years of existence.

Since our founding in 1982, the Credit Union has experienced exponential growth in its membership and total asset size. We have added many financial products and services throughout the years to meet growing member needs, as well as the additional location at Bladen Development. SKCCU now serves over eighteen thousand members and has assets of two hundred and four million.

After forty years, our mission is still on target to empower our members and our focus continues to provide competitive loan and deposit products and services at the highest level of service while

assuring the long-term growth and financial security of the Credit Union as a whole. As a financial co-operative, we are dedicated to the philosophy of people helping people which also means that people come first. This has served us well throughout the last forty years.

We would not have been able to achieve any of our outstanding success without our talented staff, new and long-term members and the leadership of our board of directors, management and volunteers both past and present. It is a pleasure working with such wonderful people. Thank you to all for your contributions to our success.

As we celebrate this milestone, we would like to invite everyone to attend all the events planned for the Anniversary

celebrations and to save the dates as they are announced on our website and social media platforms.

“  
**Cheers to  
40!**”

**Alex Straun**  
President

# Message from the CEO



MRS. JANET HARRIS



This year 2022, we are celebrating a landmark event. Forty years ago, our Credit Union began providing financial services in the Federation. We have countless achievements to commemorate as we look back at our humble beginnings, compared to where we stand today.

Our Credit Union has developed in so many ways from its founding in 1982 as the "Basseterre Co-operative Credit Union", and later in 1986 undergoing a name change to the "St. Kitts Co-operative Credit Union".

Our milestones include technology upgrade, training of our human capital, improvement in our physical infrastructure and the level and extent of the services that we offer. Notwithstanding the need to evolve to serve members better, one thing

has remained unchanged and that is our commitment to INCLUSIVENESS. This core value of providing equal access and opportunities to everyone, especially to those who would otherwise have been marginalized, will never change. It has served us well as we have built up a cadre of loyal membership that is difficult to find anywhere else but in our Credit Union Movement.

Throughout the years, providing our members with convenient products that suit their needs at competitive rates and accompanied by excellent service which they would recommend to family and friends, has been our objective. None of this would be possible without all of you our members, volunteers and staff. I therefore wish to thank everyone both past and present for your contribution to the accomplishments over the

last forty years and urge you to continue to support your Credit Union through another forty years. Furthermore, I invite all of you to use this special time to engage in "The Credit Union Experience" by participating in the 40th Anniversary activities and the special products and services.

“  
**Hitherto  
hath  
the Lord  
helped us.**”

1 SAMUEL 7:12

  
Janet Harris  
Chief Executive Officer

# Do Not Despise Small Beginnings

On April 21, 1982, a small group of like-minded persons gathered in Newtown to discuss the idea of forming a credit union to be of service to the residents of Basseterre. With dedication and a strong sense of commitment, this idea fast became reality. Three months later, on 1st July 1982, the co-operative was officially registered as the Basseterre Cooperative Credit Union (BCCU). On 27th July 1982 members came together at the University Centre in Basseterre for the first Annual General Meeting of the BCCU. As 1982 drew to a close, the newly formed Board of Directors agreed that in order to raise funds and introduce the Union to the public, they would hold a Sidewalk Sale of Goodies over a three-week period. This venture brought in \$96.30.

The first audited financial statement of the BCCU dated 31 December 1982 disclosed Total Assets of \$1,818.03, and Excess Income over Expenditure of \$203.03. By 1985 Total Assets had increased to \$13,727.57 and Gross Surplus to \$320.85. As the movement grew there was a desire to expand beyond the Basseterre basin and include members from every community in St Kitts. In March 1986, the BCCU was changed to the St Kitts Co-operative Credit Union.

“Over 18,000 members today.”

Over the ensuing years the organization grew from the original fifteen members in 1982 to over 18,000 members today. As at 31 December 2021, Total Assets stand at over \$204 million and Total Comprehensive Income is \$2.8 million.

As we celebrate 40 years of resilience and stability, the SKCCU remains true to its original mantra of membership empowerment, holistic financial engagement and building generational financial partnerships. The solid foundation of the SKCCU is attributable to the vision of the early pioneers.

We pay homage to the very first Board of Directors of the Co-operative:

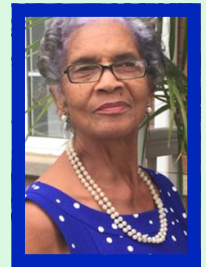
- Anita Morton – President
- Williams Christopher – Vice President
- Mavis Payne – Secretary
- Lloyd Procope – Treasurer/Manager
- Urban Jacobs – Assistant Treasurer
- Felicia Phipps – Assistant Secretary
- Isaac Wattlely – Director



ANITA MORTON  
1ST PRESIDENT



LLOYD PROCOPE  
1ST TREASURER/MANAGER



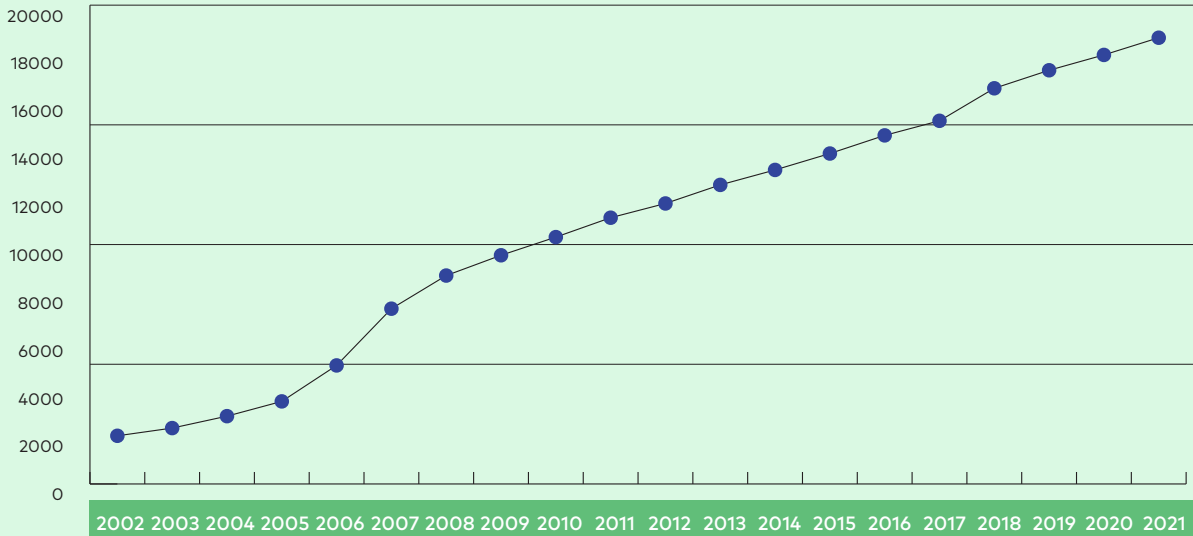
MAVIS PAYNE  
1ST SECRETARY

The SKCCU has transitioned through the years and has had the benefit of the wisdom of many patriots who have served as members of the Board of Directors, volunteers, management and staff. As part of the celebrations, we salute you our unsung heroes of the movement and we celebrate the journey. We also highlight our financial growth through the years.

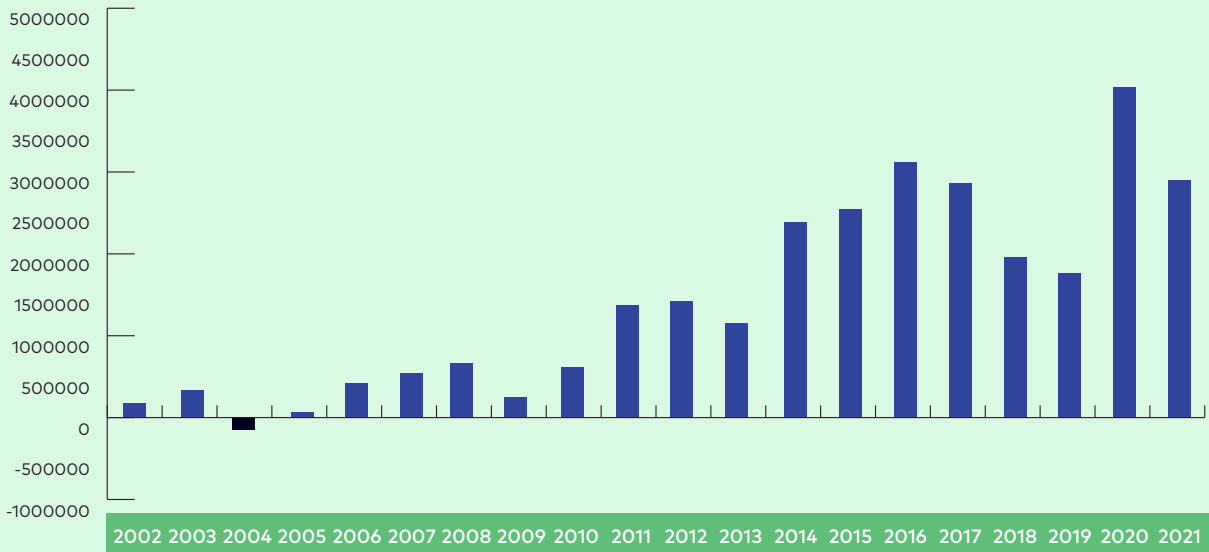
A closer review of the last twenty years reveals that there was no overnight pathway to growth and even if there were such a pathway, it may not have been the best way especially for a financial institution. Instead, steady and managed growth from a humble beginning has resulted in the solid institution that we have today. Our Credit Union has shown remarkable resilience and an ability to thrive in good times and bad times. We have learnt to adapt to the changing financial landscape, while keeping the needs of our members at the forefront of everything that we do.



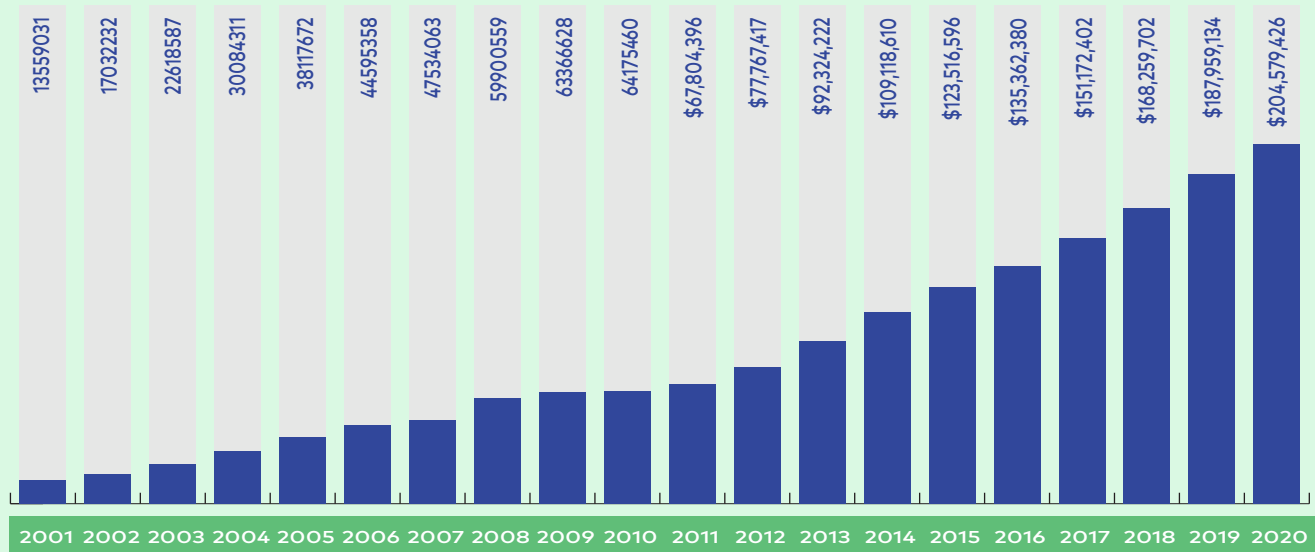
SKCCU GROWTH IN MEMBERS



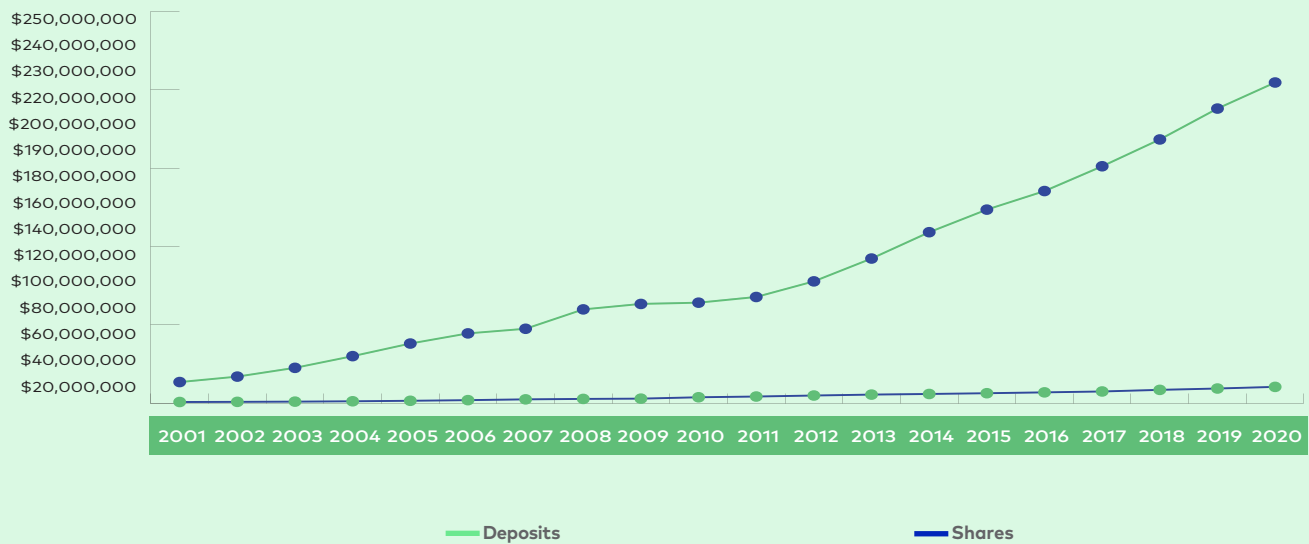
SKCCU 20-YEAR PERFORMANCE



GROWTH IN ASSETS 2001-2021



COMPARISON OF SHARES AND DEPOSITS



# SKCCU Celebrates 40



# A Salute To Mrs Sheryl Bass

## HONOURING A STALWART OF THE MOVEMENT



MRS SHERYL BASS

In May 1994, Sheryl James (now Bass) graduated Magna Cum Laude with a Bachelor of Arts degree in Accounting, and an Associate in Arts degree in Data Processing from the University of the Virgin Islands. Approximately two months later, on July 4th, 1994, filled with ideas, youthful energy, and a desire to see poor people empowered and elevated in life, she accepted the position as manager of the St. Kitts Co-operative Credit Union (SKCCU).

The institution was housed in a small, rented space of a two-story building that had been previously used as a funeral parlor on New Street. It was sparsely decorated with second-hand furniture, and its mode of operation comprised a manual card system and handwritten ledgers. It teetered on the brink of operational failure. While this was a very daunting observation, Sheryl saw this entity as a diamond in the rough. She saw it as an opportunity to imagine the unthinkable. She envisioned it to one day rival and even surpass established financial institutions of the day. She also knew that this very ambitious vision could only come to fruition with undeniable commitment, hard work and buy-in from all

stakeholders.

With a staff of only seven, a volunteer core of directors and committee members, and a handful of faithful general members, (through countless prayers, tears, and unimaginable sacrifices) the diamond slowly began to shine. Sheryl worked tirelessly to improve the operational system of the SKCCU, and to ignite the belief that financial co-operatives could thrive and become second to none in the financial landscape of her beloved country. She believed that as the leader of this mission, it was imperative that she augment her professional skillset; and in 2002 she completed a Master of Arts degree in Business Management at the University of the West Indies. Meanwhile, to dispel false beliefs and misinformation in the mind of the general public, and to increase SKCCU's visibility in the financial industry, Sheryl and her dedicated team spent numerous hours educating children and adults at schools, churches, workplaces, and in the highways and byways, spreading the Credit Union message throughout St. Kitts, encouraging persons to become members, and listening to their concerns.

Today, the SKCCU is a household name. It is well known, loved and respected. Stories abound of how the SKCCU has positively affected the lives of many individuals, families, and the country. As General Manager for over twenty-three years, Sheryl led the SKCCU into becoming a fully computerized modern credit union that provides a full range of financial services. These include checking accounts;

credit card; online banking; personal, educational, business, and mortgage loans; and an impressive range of savings options. The institution proudly boasts having the first automated Drive Through Teller, Drive Through ATM and Drive through Night Bag Depository. Total assets grew from EC\$2 million in 1994 to over EC\$130 million by 2017.

The State-of-the-Art futuristic headquarters building at Bladen Commercial is testament to her visionary creativity and ingenuity, her positivity despite the dark storms, and her keen attention to detail. As a true visionary Mrs. Bass saw the need to diversify. She steered the SKCCU in acquiring over 29 acres of prime land for a revolutionary housing development project at St. Peters called, The SKCCU Scenic View Housing Development. The objective of this project was to provide high quality housing for our members at an affordable cost in a well-established, modern urban community.

It would be remiss not to also mention the dedicated service that Mrs. Bass rendered to the St. Kitts Nevis National Co-operative League for over twenty years. She served the league in various executive positions, and was very instrumental in helping to draft the policy and legislative framework for today's financial and nonfinancial co-operatives.

It is indeed an honor to acknowledge the over twenty-three years of sterling contribution of this credit union pioneer and stalwart, Mrs. Sheryl Bass.

# Leadership Through the Years

## Board of Directors and Committees

(1995 – Present)

### PRESIDENTS

Sheldon Mc Mahon  
Alford Tyrell  
James Webbe  
John White  
Nesta Seaton-Clarke  
Valentine Browne  
Yvonne Charles  
Marilyn Johnson  
Sherillia Massicot  
Alex Straun

### VICE PRESIDENTS

Douglas Wattely  
Raphael Archibald  
John White  
Yvonne Charles  
Valentine Browne  
Elis Ruan  
Othneil Heyliger  
Sherillia Massicot  
Albert Edwards  
Cleon Bradshaw  
Edward Gift

### SECRETARIES

Raphael Archibald  
Johnathon Bass  
Valerie Hodge  
Nesta Seaton-Clarke  
Elis Ruan  
Veronica Liburd  
Raphael Archibald  
Albert Edwards  
Auren Manners  
J. Sonia Edwards

### TREASURERS

Vernon Harris  
Yvonne Charles  
Elis Ruan  
Gerard Williams  
Marguerite de la Coudray  
Analdo Bailey  
Bibiana Henry  
Ivor Keithley Phillip

### ASSISTANT SECRETARY/ TREASURERS

Marguerite de la Coudray  
Veronica Liburd  
Sheila Cable  
Patricia Welsh

### DIRECTORS

Johnathon Bass  
Beverly Gumbs-Crawley  
Alford Tyrell  
Clyde James  
Judith Hewlett  
Sheldon Mc Mahon  
Lloyd Lazar  
Valentine Browne  
Patrick James  
Valentine Maynard  
Vernon Harris  
Luther Clarke  
Pierre Bowrin  
Shirmel Woods  
Tashna Powell Williams  
Ikiesha Esdaille-Turo

### CREDIT COMMITTEE

James Webbe  
Elis Ruan  
Valarie Hodge  
Clyde James  
Veronica Liburd  
Judith Hewlett  
Kevin Akers  
Vincent Hodge  
Ashton Maynard  
Jefferson Wallace  
Valentine Maynard  
Randolph Taylor  
Grace Warner  
Marguerite de la Coudray  
Earle Clarke  
Robert James  
Nesta Seaton-Clarke  
Analdo Bailey  
Mavis Matthew  
Karen Matthew  
Melvin James

Patricia Welsh  
Jennifer Tross-Clarke  
Dorietta Fraites  
Linda Huggins  
Sherman Casey  
Camelita Huggins  
Vernice Morton  
Joan Franks  
Anthony Wiltshire

### SUPERVISORY AND COMPLIANCE COMMITTEE

Ashton Maynard  
Perryette Peets  
Wesley Galloway  
Rawle Mars  
John White  
Valentine Browne  
Lloyd Lazar  
Vastel Williams  
Eustace Hendrickson  
Robert James  
Clyde James  
Shanwa Broadbelt  
James Webbe  
Troy Mills  
Valerie Hodge  
Kevin Akers  
Ashton Maynard  
Marilyn Johnson  
Sandra Tweede  
Joanna Collins  
Juliette Simmonds-Warde  
Iditha Boncamper  
Antoinette Hodge  
Angela Marcella Bourne  
Waveney Hanley  
Willa Liburd  
Janice Althea Esdaille  
Desiree Connor  
Yvette Pamela Osborne

**40.**  
years

# Congratulatory Messages From Members

Congratulations on your 40th Anniversary SKCCU. You have been a bright star over the years, leading members to the successful achievement of their goals. Best wishes for another 40.

**Joy**

Congrats to SKCCU on achieving 40 years. We are pleased with your devotion to our members. Best wishes for the future.

**Maxine**

Congratulations! You have shown how capable you are. Continue to work even harder over the next 40 years!

**Gerald**

Congratulations on this milestone SKCCU. May the years ahead bring even more success!

**Maureen**

Congratulations to my Credit Union as you celebrate 40 years. I am proud of you! God bless!

**Ivan H.**

SKCCU, you're the best!! Thank you for valuing your members and providing a high level of service. I always refer others to SKCCU. Here's to another 40 years as a member!"

**Cheryl**

"I have been with SKCCU for over 30 years because it is member-owned and offers great services for all my needs. I have had several loans through them and found them very helpful.

**Steve**

Job well done SKCCU. I am so happy you exist! Here's to another 40 years!

**Sudine Clarke**

We are proud of you our Credit union. Continue to grow and improve for many more years!

**Sandra W**

Greetings to all.

I am very proud and honoured to be one of the first 15 members who helped to form the St Kitts Cooperative Credit Union. From the inception of the St Kitts Cooperative Credit Union I was nominated Secretary.

It is very heart warming to be alive to see the progress of this Credit Union and I hope and pray that our Heavenly Father will continue to shower His blessings upon this Credit Union and its Staff for many years to come.

Happy 40th Anniversary to the St Kitts Cooperative Credit Union!

**Mavis Gilpin-Payne**

I wish to associate myself with the SKCCU and to wish them a pleasant 40-year anniversary. Hope they will have many more successful years and continue to be the shining light that they are in the community

**Marguerite De La Coudray**

The St. Kitts Cooperative Credit Union has pioneered the way for Credit Unions in St. Kitts and Nevis and the wider Caribbean region. The work of this prestigious financial institution must be lauded.

It gives me great pleasure to congratulate the Board of Directors, Staff and the Members of the SKCCU on this historic milestone; 40 years sterling service, 40 years of continued excellence.

**Mrs. Nadia Berridge-Williams**

Persistence and resilience are two of many words used to describe SKCCUU. Today, as a member of SKCCU, I would like to say congratulations for the successful completion of 40 years in the banking industry. Your achievements over the years have been tremendous demonstrating significant growth. Your services are always marvellous and appreciative. Happy anniversary!

**Ms. Treasa Wyatt**

CURRENT SKCCU STAFF









**40.**  
**years**

