

**BARBADOS TEACHERS'  
CO-OPERATIVE CREDIT UNION LTD.**

**FINANCIAL STATEMENTS  
MARCH 31, 2023**



**Chartered Accountants**  
we reckon, people count

**BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.**

**FINANCIAL STATEMENTS  
MARCH 31, 2023**

**Contents**

**Independent Auditors' Report**..... 2

**Financial Statements**

Balance Sheet..... 5

Statement of Changes in Equity ..... 6

Statement of Comprehensive Income ..... 7

Statement of Cash Flows..... 8

Notes to Financial Statements ..... 9

**Other Financial Information**

Schedule of Other Operating Expenses ..... 23



*Peter J. Carter & Co.*  
Chartered Accountants

"We reckon but people count"

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## Independent Auditors' Report

The Members  
Barbados Teachers' Co-operative Credit Union Ltd.

### Opinion

We have audited the financial statements of Barbados Teachers' Co-operative Credit Union Ltd., which comprise the Balance Sheet as at March 31, 2023, and the Statement of Changes in Equity, Statement of Comprehensive Income and Statement of 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 March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' 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' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (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.



### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- 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 entity'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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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.



Chartered Accountants

## Independent Auditors' Report

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### Other information

Management is responsible for any other information that is presented or distributed with the audited financial statements. Other information may comprise, for example, the content of a Company's Annual Report except for the financial statements and our Auditors' Report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read any other information as identified above and, in doing so, consider whether such other information appears to be materially misstated or inconsistent with the financial statements. If, based on the work we have performed, we conclude that there is a material misstatement in the other information, then we are required to report that fact. At the time of reporting we have not seen any other information and so we cannot offer any comment thereon.

### Other Matter

This report is made solely to the Members of **Barbados Teachers' Co-operative Credit Union Ltd.**, as a body, in accordance with Section 123 of the Co-operative Societies Act of Barbados in respect of the financial statements for the year ended March 31, 2023. Our audit work has been undertaken so that we might state to the Members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and its Members as a body, for our audit work, for this report, or for the opinion we have formed.

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PETER J. CARTER & CO.  
Chartered Accountants  
Barbados

July 12, 2023

**BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.**

**Balance Sheet**


**March 31, 2023**


**Expressed in Barbados Dollars**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents - Note 7	7,885,151	20,350,503
Accounts receivable and prepayments - Note 8	221,713	410,557
Current investments - Note 9	<u>5,831,123</u>	<u>15,293,073</u>
	13,937,987	36,054,133
Non-current assets		
Non-current investments - Note 9	27,373,303	23,004,304
Loans to members - Note 10	60,170,941	39,385,783
Pension Plan asset - Note 11	199,361	208,582
Property, plant and equipment - Note 12	<u>7,919,060</u>	<u>8,086,216</u>
Total assets	<u><u>109,600,652</u></u>	<u><u>106,739,018</u></u>
<b>Liabilities and equity</b>		
Liabilities		
Accounts payable and accruals - Note 13	318,809	188,372
Deposits payable - Note 14	87,729,731	86,166,270
Qualifying shares - Note 15	<u>945,367</u>	<u>950,844</u>
Total liabilities	<u>88,993,907</u>	<u>87,305,486</u>
Equity		
Statutory reserve	10,960,065	10,673,902
Revaluation reserve - Note 11(b)	4,721,583	4,750,010
Unrealized gain reserve - Note 9(b)	3,796,071	3,909,620
Undivided surplus	<u>1,129,026</u>	<u>100,000</u>
Total equity	<u>20,606,745</u>	<u>19,433,532</u>
Total liabilities and equity	<u><u>109,600,652</u></u>	<u><u>106,739,018</u></u>

See notes to financial statements.

Approved by the Board of Directors, July 12, 2023, and signed on their behalf by:

  
 \_\_\_\_\_  
 President

  
 \_\_\_\_\_  
 Treasurer

**BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.**

**Statement of Changes in Equity  
Year ended March 31, 2023  
Expressed in Barbados Dollars**

	Statutory reserve	Revaluation reserve	Unrealized gain reserve	Undivided surplus	Total
Balance - March 31, 2021	10,488,426	4,778,693	4,323,671	278,536	19,869,326
Bonus on savings - 0.5%	0	0	0	(327,962)	(327,962)
Patronage refund - 5%	0	0	0	(111,821)	(111,821)
Entrance fees	546	0	0	0	546
Net loss for year	0	0	0	(746,593)	(746,593)
Fair value gain on unquoted equity shares	0	0	658,038	0	658,038
Depreciated portion of revalued property	0	(28,683)	0	28,683	0
Transfer of unrealized gain	184,930	0	(1,072,089)	887,159	0
Pension re-measurements	0	0	0	91,998	91,998
Balance - March 31, 2022	10,673,902	4,750,010	3,909,620	100,000	19,433,532
Bonus on savings - 0.25%	0	0	0	(166,721)	(166,721)
Patronage refund - 5%	0	0	0	(106,779)	(106,779)
Entrance fees	900	0	0	0	900
Net income for year	0	0	0	1,408,131	1,408,131
Fair value gain on unquoted equity shares	0	0	58,735	0	58,735
Depreciated portion of revalued property	0	(28,427)	0	28,427	0
Pension re-measurements	0	0	0	(21,053)	(21,053)
Transfer from statutory reserve	285,263	0	0	(285,263)	0
Transfer to unrealized gain	0	0	(172,284)	172,284	0
Balance - March 31, 2023	10,960,065	4,721,583	3,796,071	1,129,026	20,606,745

See notes to financial statements.

**BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.****Statement of Comprehensive Income  
Year ended March 31, 2023  
Expressed in Barbados Dollars**

	<u>2023</u>	<u>2022</u>
<b>Interest income</b>		
Loans to members	2,567,582	2,135,966
Investments	957,682	808,146
Cash and cash equivalents	6,476	5,633
	<u>3,531,740</u>	<u>2,949,745</u>
<b>Interest expense</b>		
Demand deposits - 0.75% p.a. (prior year 0.75%)	651,329	632,998
Term deposits - 0.75% p.a. (prior year 0.75%)	70	82
Qualifying shares - 0.75% p.a. (prior year 0.75%)	6,455	7,079
	<u>657,854</u>	<u>640,159</u>
<b>Net interest income</b>	<u>2,873,886</u>	<u>2,309,586</u>
<b>Other income</b>		
Dividends	91,901	161,300
Rent	57,600	57,600
Sundry	25,037	17,386
	<u>174,538</u>	<u>236,286</u>
<b>Other expenses</b>		
Depreciation	228,225	213,905
Staff costs - Note 6	483,828	574,704
Other operating expenses	928,240	2,503,856
	<u>1,640,293</u>	<u>3,292,465</u>
<b>Net income / (loss) for year</b>	1,408,131	(746,593)
<b>Other comprehensive income (OCI)</b>		
Pension re-measurements	(21,053)	91,998
Fair value gain on unquoted equity shares - Note 9(b)	58,735	658,038
<b>Net comprehensive income for year</b>	<u>1,445,813</u>	<u>3,443</u>

See notes to financial statements.



**BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.**

**Statement of Cash Flows**  
**Year ended March 31, 2023**  
**Expressed in Barbados Dollars**

	<u>2023</u>	<u>2022</u>
<b>Cash provided / (used) by:</b>		
<b>Operating activities</b>		
Net comprehensive income for year	1,445,813	3,443
<i>Add items not involving cash</i>		
Depreciation	228,225	213,905
Pension re-measurements	21,053	(91,998)
Pension Plan expense	<u>(5,249)</u>	<u>5,692</u>
	1,689,842	131,042
<i>Change in non-cash operating items</i>		
Accounts receivable and prepayments	188,844	82,377
Accounts payable and accruals	130,437	33,404
Deposits payable	1,563,461	2,260,575
Qualifying shares	(5,477)	(3,427)
Pension Plan contributions	<u>(6,583)</u>	<u>(6,360)</u>
Net cash provided by operating activities	<u>3,560,524</u>	<u>2,497,611</u>
<b>Investing activities</b>		
Loan repayments - net	(20,785,158)	(4,628,022)
Decrease / (increase) in investments	5,092,951	(6,773,980)
Purchase of plant and equipment	<u>(61,069)</u>	<u>(244,765)</u>
Net cash used by investing activities	<u>(15,753,276)</u>	<u>(11,646,767)</u>
<b>Financing activities</b>		
Bonus on savings	(166,721)	(327,962)
Entrance fees	900	546
Patronage refund	<u>(106,779)</u>	<u>(111,821)</u>
Net cash used by financing activities	<u>(272,600)</u>	<u>(439,237)</u>
Decrease in cash and cash equivalents	(12,465,352)	(9,588,393)
Cash and cash equivalents - start of year	<u>20,350,503</u>	<u>29,938,896</u>
<b>Cash and cash equivalents - end of year</b>	<u><u>7,885,151</u></u>	<u><u>20,350,503</u></u>

See notes to financial statements.

## BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.

### Notes to Financial Statements March 31, 2023 Expressed in Barbados Dollars

#### 1. Registration

BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD. was registered on July 01, 1967 in accordance with the Co-operative Societies' Act, Cap 378. The Society was continued on August 12, 1994 under the Co-operative Societies Act 1990. The principal place of business is located at John Lovell Building, Lower Collymore Rock, St. Michael, Barbados.

#### 2. Principal activities

The principal activities are as follows:

- (a) The provision of means whereby savings can be affected by members and whereby shares in the Credit Union can be purchased.
- (b) The education of members in Co-operative principles and methods and the efficient management of the Credit Union's affairs.
- (c) The creation, out of savings of members and otherwise, of a source of credit available to members on reasonable terms and conditions.

#### 3. Significant accounting policies

##### (a) *Basis of accounting*

These financial statements are stated in Barbados dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

##### (b) *Critical accounting judgments and key sources of estimation uncertainty*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Key sources of estimation uncertainty include impairment of loans, determination of appropriate rates for depreciation of property, plant and equipment, estimation of the unrealized gain on property, estimation of the fair value of unquoted equity investments and computation of the amortized cost of long-term securities. The credit union's critical accounting policies and estimates, and their application, are reviewed periodically by management.

## BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.

### Notes to Financial Statements March 31, 2023 Expressed in Barbados Dollars

#### 3. Significant accounting policies (continued)

(c) *Measurement basis*

The measurement basis used is historical cost except for equity investments which are stated at their fair values.

(d) *Changes in accounting policies*

Management has reviewed the new standards, amendments and interpretations to published standards that are not yet effective and which the Credit Union has not adopted early. Management has assessed the relevance of all such new standards, amendments and interpretations and has concluded that no such amendments are likely to have a material effect on its financial statements.

(e) *Taxation*

The Credit Union is not required to pay taxes on its net income under Section 9(g) of the Income Tax Act of Barbados.

(f) *Income recognition*

Interest, rent and sundry income are recognized on the accrual basis of accounting. Dividend income is recognized when it is declared by the investee company.

(g) *Education Fund*

A provision is made for Education as stipulated by the Barbados Co-operative & Credit Union League Ltd. The amount provided is three percent (3%) of net income or \$15,000, whichever is the lesser.

(h) *Foreign currency transactions*

Monetary assets and liabilities expressed in foreign currencies are translated into Barbados dollars at the exchange rate ruling at the Balance Sheet date. Transactions arising during the year involving foreign currencies are translated into Barbados dollars at the rate of exchange prevailing on the date the transactions occurred. Differences arising from fluctuations in exchange rates are included in the Statement of Comprehensive Income.

(i) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, bank deposits and other deposits on call.

(j) *Impairment provision*

The level of impairment of the loan portfolio is determined using an Expected Credit Loss (ECL) Model. All outstanding loans are taken into account, as well as loan commitments.

## BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.

### Notes to Financial Statements March 31, 2023 Expressed in Barbados Dollars

(k) *Investments*

Investments are initially recorded at cost. For subsequent measurement, investments that are classified as being held to maturity are recorded at cost or amortized cost. Available-for-sale equity investments are shown at fair value. All investments are subject to adjustment for any impairment of value. Impairment occurs where the estimated recoverable amount of an asset is less than its carrying value. Management makes an assessment of whether any assets are impaired in value as at each Balance Sheet date.

(l) *Pension Plan*

The company operates a contributory defined benefit Pension Plan for its eligible employees which is funded through payments from the employees and the company as determined by actuarial calculations. Contributory defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The asset recognized in the balance sheet in respect of the contributory defined benefit pension plan is the fair value of the plan assets less the present value of the defined benefit obligation at the end of the financial year, together with adjustments for unrecognized actuarial gains or losses and past service costs. The fair value of plan assets is calculated annually by an independent actuary using the projected unit credit method. The present value of the contributory defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of long-term government securities. Actuarial gains and losses are recognized in Other Comprehensive Income (OCI) and excluded permanently from profit and loss. Interest income is calculated using the discount rate used to measure the pension obligation. All past service cost is recognized at the earlier of when the amendment/curtailment occurs or when the entity recognizes related restructuring or termination costs. The pension items recorded in Other Comprehensive Income are taken to Undivided Surplus in the Consolidated Statement of Equity.

(m) *Property, plant and equipment*

Depreciation is provided on building, plant and equipment on a straight-line basis at rates designed to reduce the cost of assets to their residual value at the end of their useful lives in the business. The annual rates used are as follows: Furniture and equipment - 10%, 12.5% and 33.33%, Vehicles - 20% and Building - 1%.

(n) *Statutory Reserve*

The credit union is required to establish and maintain reserves consisting of the greater of one half of one per cent (0.5%) of assets or twenty-five per cent (25%) of surplus until the capital of the Society equals ten percent (10%) of the total assets of the Society, in accordance with the Co-operative Societies' legislation. Similarly, Entrance Fees are taken to a Reserve Account.

## BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.

### Notes to Financial Statements

March 31, 2023

Expressed in Barbados Dollars

#### 4. Fair value of financial instruments

(a) *Financial instruments*

Financial instruments consist of financial assets and liabilities. Financial assets include cash and cash equivalents, accounts receivable, loans to members and investments. Financial liabilities include accounts payable and accruals, deposits payable and qualifying shares.

(b) *Fair value*

Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value is best evidenced by a quoted market value. An estimate, based on assumptions, is made of the fair value of each class of financial instrument for which it is practical to make an estimate. The fair values of the financial instruments are estimated to be not materially different from their carrying values in the financial statements.

(c) *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As part of the risk management process, bank deposits are placed only with reputable financial institutions. Loans limits are established and approved by Management and security is generally required for loans granted. Credit risk on accounts receivable is limited by the provision made for doubtful debts.

(d) *Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. It arises because of the possibility that the entity could be required to pay its liabilities earlier than expected. Management reviews the liquidity position of the credit union periodically to assess the availability of cash resources as compared to the projected cash outflows.

(e) *Market Risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk. Interest rate risk is the risk of fluctuations in interest rates. The entity's exposure to market risk on financial instruments is disclosed in Notes 7, 9 and 10.

**BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.**

**Notes to Financial Statements  
March 31, 2023  
Expressed in Barbados Dollars**

**5. Related parties**

(a) Related parties exist where one party has the ability to control or exercise significant influence over the financial or operating decisions of another party. Transactions with related parties may be entered into in the normal course of business. Any such transactions are undertaken on commercial terms and conditions and are conducted at market rates.

(b) The Credit Union has a related party relationship with its directors, key management personnel and the Pension Plan. As at the Balance Sheet date, related parties' balances were as follows:

	<u>2023</u>	<u>2022</u>
Loans	727,711	1,050,064
Deposits payable and qualifying shares	493,918	445,147

(c) Honoraria paid to the directors totaled \$48,700 (prior year \$48,700).

(d) Key management personnel compensation is included in Staff Costs, and is as follows:

	<u>2023</u>	<u>2022</u>
Employee benefits	151,385	247,313

**6. Staff costs**

	<u>2023</u>	<u>2022</u>
	483,828	574,704

The average number of employees during the year was seven (prior year - eight).

**BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.**

**Notes to Financial Statements  
March 31, 2023  
Expressed in Barbados Dollars**

<b>7. Cash and cash equivalents</b>	<u>2023</u>	<u>2022</u>
Current accounts	2,038,354	14,492,271
Savings account - 0.05% p.a. (prior year 0.05%)	5,543,598	5,541,017
Cash	61,394	75,807
<i>Demand deposits</i>		
Central Fund Facility Trust deposits:		
- Ordinary deposit - 0.75% p.a. (prior year 0.75%)	21,248	20,851
- Statutory Reserve - 1.25% p.a. (prior year 1.25%)	19,226	19,226
Barbados Co-operative & Credit Union League Ltd.	201,331	201,331
	<u>7,885,151</u>	<u>20,350,503</u>
<b>8. Accounts receivable and prepayments</b>	<u>2023</u>	<u>2022</u>
Interest receivable	315,315	427,985
Other receivable	75,708	97,500
Less impairment provision	(227,595)	(181,706)
Prepayments and security deposits	58,285	66,778
	<u>221,713</u>	<u>410,557</u>
<i>(a) Impairment provision</i>	<u>2023</u>	<u>2022</u>
Balance - start of year	181,706	155,676
Increase in provision	45,889	26,030
Balance - end of year	<u>227,595</u>	<u>181,706</u>

**BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.**

**Notes to Financial Statements**  
**March 31, 2023**  
**Expressed in Barbados Dollars**

<b>9. Investments</b>	<u>2023</u>	<u>2022</u>
<i>Current investments</i>		
<i>Held to maturity term deposits</i>		
Barbados Public Workers Co-operative Credit Union Ltd. - prior year 1.50% p.a.	0	750,000
Barbados Police Co-operative Credit Union Ltd. - prior year 2.50% p.a.	0	1,000,000
First Citizens Investment Services (Barbados) Ltd. - 1.30% p.a. (prior year 2%)	3,000,000	6,000,000
Co-operators General Management Co. Inc. - 7% p.a. (prior year 7%)	208,895	943,073
Capita Financial Services Inc. - 1.9% to 2.15% p.a. (prior year 1.9% to 2.15%)	2,000,000	6,600,000
Barbados Government Securities	<u>622,228</u>	<u>152,602</u>
	<u>5,831,123</u>	<u>15,445,675</u>
<i>Non-current investments</i>		
<i>Held to maturity term deposits</i>		
Barbados Police Co-operative Credit Union Ltd. - prior year 2.5% p.a.	1,000,000	0
Co-operators General Management Co. Inc. - 7% p.a.	539,474	0
Capita Financial Services Inc. - 2.15% p.a.	3,600,000	0
Barbados Government securities	14,752,737	15,520,905
<i>Available-for-sale</i>		
Co-operators General Insurance Company Limited: - 9,440 shares (prior year 9,380)	3,630,435	3,693,656
Co-operators General Management Co. Inc.: - 19,350 (prior year 18,879 shares)	3,850,457	3,636,851
Barbados Co-operative & Credit Union League Ltd.: - 20 membership shares	<u>200</u>	<u>200</u>
	<u>27,373,303</u>	<u>22,851,612</u>
Total investments	<u>33,204,426</u>	<u>38,297,287</u>



## BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.

### Notes to Financial Statements

March 31, 2023

Expressed in Barbados Dollars

#### 9. Investments - continued

- (a) The fair value of unquoted equity investments is based on a valuation done by the Consulting Division of the Cave Hill School of Business (CHSOB). CHSOB performed a valuation as at May 31, 2022 for each of these unquoted investments, using a range of generally accepted valuation models. The "best estimate" of the fair market value was estimated as the median value of the fair market values generated from the various models used. The valuation models used were Book Value, Market to Book, Trailing Price Earnings, Price to Sales, Price to Earnings Before Tax and Dividend Growth, Price to Earnings Before Tax, Depreciation and Amortization, Dividend Growth Model and Free Cash Flows to Equity. The Directors consider that the valuation of the unquoted equity investments arrived at by the process described above reflects their fair value as at the balance sheet date.
- (b) In September 2018, the Government of Barbados announced the launch of an exchange offer open to holders of Barbados dollar-denominated debt issued by the Government and certain state-owned enterprises (SOEs), as part of its Comprehensive Debt Restructuring. As at October 01, 2018, the old securities were exchanged for new securities which were issued in special Series based on the holders of such securities. The old securities were exchanged for new Series B and Series D securities.
- i. Series B securities consisting of eleven (11) amortizing strips with maturities ranging from five (5) to fifteen (15) years. Interest is payable quarterly. Interest rates are 1% per annum for the first three (3) years beginning October 01, 2018 and ending September 30, 2021, 2.5% per annum for year four (4), beginning October 01, 2022 and ending September 30, 2022, and thereafter 3.75% per annum, starting October 01, 2022 until maturity on September 30, 2033. The principal of each strip will be repaid in four equal quarterly instalments commencing one year prior to the maturity date of that strip.
  - ii. Series D securities consist of twenty (20) amortizing strips with maturities ranging from sixteen (16) to thirty-five (35) years. Interest is payable quarterly from November 30, 2018. Interest rates are 1.5% p.a. for the first five (5) years, 4.25% p.a. for years six (6) through ten (10), 6% p.a. for year eleven (11) through fifteen (15) and 7.5% p.a. for year sixteen to maturity. The principle of each strip will be repaid in four equal installments in the final year prior to maturity commencing November 30, 2033, with the exception of the final strip, which will be repaid in three installments, with a final payment on August 30, 2053.
  - iii. In keeping with generally accepted accounting policies and standards, Management has applied a Net Present Value (NPV) calculation to its holdings of the securities mentioned above. This calculation resulted in the adjustment shown below.

**BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.**

**Notes to Financial Statements**

**March 31, 2023**

**Expressed in Barbados Dollars**

(c) *Barbados Optional Savings Scheme (BOSS) bonds*

- i. The BOSS bonds are issued by the Government of Barbados. The bonds were issued in monthly tranches over an eighteen (18) month period from July 2020 to December 2021. The bonds carry an annual interest rate of 5% per annum, with the interest being paid in two (2) half-yearly instalments in January and July. Each issue carries a maturity period of four (4) years

(d) The maturity profile of government securities is as follows:

	<u>2023</u>	<u>2022</u>
<b>Current</b>		
Series B bonds - Up to one year	<u>622,228</u>	<u>152,602</u>
<b>Non-current</b>		
<i>Series B bonds</i>		
Greater than 1, up to 5 years	2,734,628	2,609,734
Greater than 5, up to 10 years	4,044,283	3,860,100
Greater than 10, up to 15 years	443,343	1,527,252
<i>Series D bonds</i>		
Greater than 15, up to 35 years	1,005,417	1,005,417
<i>BOSS bonds</i>		
One to 5 years	<u>7,410,066</u>	<u>7,403,492</u>
Non-current government securities - gross	15,637,737	16,405,995
Net present value adjustment	<u>(885,000)</u>	<u>(885,000)</u>
Non-current government securities - net	<u>14,752,737</u>	<u>15,520,995</u>

**BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.**

**Notes to Financial Statements**

**March 31, 2023**

**Expressed in Barbados Dollars**

<b>10. Loans to members</b>	<u>2023</u>	<u>2022</u>
Gross loans	63,346,102	43,139,149
Less impairment provision	<u>(3,175,161)</u>	<u>(3,753,366)</u>
Net value of loans	<u>60,170,941</u>	<u>39,385,783</u>

<i>(a) Impairment provision</i>	<u>2023</u>	<u>2022</u>
Balance - start of year	3,753,366	2,770,707
(Decrease) / increase in provision	<u>(578,205)</u>	<u>982,659</u>
Balance - end of year	<u>3,175,161</u>	<u>3,753,366</u>

*(b)* As at the Balance Sheet date, the maturity profile of loans to members was as follows:

	<u>2023</u>	<u>2022</u>
<i>Amount due in:</i>		
Less than one year	780,729	800,714
Greater than one, less than five years	13,101,376	12,576,850
Five years and over	<u>49,463,997</u>	<u>29,761,585</u>
Total	<u>63,346,102</u>	<u>43,139,149</u>

*(c)* Loans to members are granted at interest rates varying from 3.5% to 10% per annum, including line of credit loans which totaled \$1,514,803 (prior year \$1,378,021) and which also carry an interest rate of 10% per annum. All interest is charged on the reducing balance basis.

*(d)* The impairment provision in respect of loans receivable was calculated using an Expected Credit Loss (ECL) model developed by external consultants. The model was designed to enable compliance with the requirements of International Financial Reporting Standards (IFRS 9).

<i>(e) Commitments</i>	<u>2023</u>	<u>2022</u>
Loans approved but not yet disbursed	<u>8,770,125</u>	<u>9,136,154</u>

**BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.**

**Notes to Financial Statements  
March 31, 2023  
Expressed in Barbados Dollars**

**11. Pension Plan Asset**

The Credit Union maintains a contributory defined benefit pension plan for its eligible employees. The assets of the plan are invested in a deposit Administration Fund managed by Sagikor Life Inc. The last actuarial review of the pension plan was carried out as at March 31, 2023.

<b><i>Net assets at end of year</i></b>	<u>2023</u>	<u>2022</u>
Present value of funded obligation	(468,149)	(423,077)
Fair value of Plan assets	<u>667,510</u>	<u>631,659</u>
Net Pension Plan asset recognized in balance sheet	<u>199,361</u>	<u>208,582</u>

<b><i>Movement in the net assets</i></b>	<u>2023</u>	<u>2022</u>
Pension Plan net asset - start of year	208,582	115,916
Amount recognized in Statement of Income	5,249	(5,692)
Re-measurements recognized in Other Comprehensive Income	(21,053)	91,998
Contributions - Employer	<u>6,583</u>	<u>6,360</u>
Pension Plan net asset - end of year	<u>199,361</u>	<u>208,582</u>
Contributions - Employees	<u>6,583</u>	<u>6,360</u>

<b><i>Re-measurements recognized in Other Comprehensive Income</i></b>	<u>2023</u>	<u>2022</u>
Actuarial gain on obligation	0	32,347
Return on Plan assets excluding interest income	<u>(25,183)</u>	<u>(23,755)</u>
Amount recognized in Other Comprehensive Income	<u>(21,053)</u>	<u>91,998</u>
Actual return on Pension plan assets	<u>22,685</u>	<u>21,528</u>

**BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.**

**Notes to Financial Statements**

**March 31, 2023**

**Expressed in Barbados Dollars**

**11. Pension Plan Asset - continued**

***Assumptions used in determining the present value of obligation at start of year***

	<u>2023</u>	<u>2022</u>
Discount rate - start of year	7.5%	7.5%
Rate of Return on Plan Assets	7.5%	7.5%
Future salary increases	4.5%	4.5%
Future changes in NIS ceilings	2.5%	2.5%
Mortality	1994 Group Annuity Mortality Static Tables for Males and Females	

***Amounts for current and previous four periods are as follows:***

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Present value of the obligation	(416,155)	(448,049)	(481,495)	(423,077)	(468,149)
Fair value of Pension Plan assets	<u>540,218</u>	<u>568,789</u>	<u>597,411</u>	<u>631,659</u>	<u>667,510</u>
Surplus	<u>124,063</u>	<u>120,740</u>	<u>115,916</u>	<u>208,582</u>	<u>199,361</u>

**Sensitivity Analysis**

If the main assumptions were changed, the present value of the obligation would be as follows:

<b>Present value of obligation</b>		
% Change of Assumption	+0.25%	-0.25%
Discount rate	448,855	488,602
Salary increases and NIS increase	477,226	459,381

**BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.**

**Notes to Financial Statements  
March 31, 2023  
Expressed in Barbados Dollars**

**12. Property, plant and equipment**

	<u>Total</u>	<u>Furniture &amp; equipment</u>	<u>Vehicles</u>	<u>Property</u>
<b>As at March 31, 2021</b>				
Cost	9,228,388	1,324,443	135,545	7,768,400
Accumulated depreciation	<u>(1,173,032)</u>	<u>(1,086,964)</u>	<u>(86,068)</u>	<u>0</u>
Net book value	<u>8,055,356</u>	<u>237,479</u>	<u>49,477</u>	<u>7,768,400</u>
<b>Year ended March 31, 2022</b>				
Net book value - start of year	8,055,356	237,479	49,477	7,768,400
Purchases	244,765	244,765	0	0
Depreciation charge	<u>(213,905)</u>	<u>(142,333)</u>	<u>(16,492)</u>	<u>(55,080)</u>
Net book value - end of year	<u>8,086,216</u>	<u>339,911</u>	<u>32,985</u>	<u>7,713,320</u>
<b>As at March 31, 2022</b>				
Cost	9,472,244	1,568,299	135,545	7,768,400
Accumulated depreciation	<u>(1,386,028)</u>	<u>(1,228,388)</u>	<u>(102,560)</u>	<u>(55,080)</u>
Net book value	<u>8,086,216</u>	<u>339,911</u>	<u>32,985</u>	<u>7,713,320</u>
<b>Year ended March 31, 2023</b>				
Net book value - start of year	8,086,216	339,911	32,985	7,713,320
Purchases	61,069	61,069	0	0
Depreciation charge	<u>(228,225)</u>	<u>(156,653)</u>	<u>(16,492)</u>	<u>(55,080)</u>
Net book value - end of year	<u>7,919,060</u>	<u>244,327</u>	<u>16,493</u>	<u>7,658,240</u>
<b>As at March 31, 2023</b>				
Cost	9,533,312	1,629,367	135,545	7,768,400
Accumulated depreciation	<u>(1,614,252)</u>	<u>(1,385,040)</u>	<u>(119,052)</u>	<u>(110,160)</u>
Net book value	<u>7,919,060</u>	<u>244,327</u>	<u>16,493</u>	<u>7,658,240</u>

(a) The property is located at Lower Collymore Rock, St. Michael and consists of land and buildings.

**BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.**

**Notes to Financial Statements  
March 31, 2023  
Expressed in Barbados Dollars**

**12. Property, plant and equipment - continued**

*(b) Revaluation surplus*

The revaluation surplus results from the revaluation of land and buildings as at May 17, 2021 by an independent Valuer. The valuation was done using both the Depreciated Replacement Cost Method and the Income Approach Method. The excess of the appraised value over the Net Book Value of the assets immediately prior to revaluation, amounting to \$4,778,693, was recorded in members' equity. This amount is being reduced annually by the depreciation charged on the revaluation amount.

<b>13. Accounts payable and accruals</b>	<u>2023</u>	<u>2022</u>
Sundry accounts	131,388	133,179
Interest payable	<u>187,421</u>	<u>55,193</u>
	<u>318,809</u>	<u>188,372</u>

<b>14. Deposits payable</b>	<u>2023</u>	<u>2022</u>
Demand deposits	87,721,457	86,155,971
Term deposits	<u>8,274</u>	<u>10,299</u>
	<u>87,729,731</u>	<u>86,166,270</u>

*(a)* There is no pre-determined rate of interest payable on the demand deposits. The rates are set from time to time by the Board of Directors. At the balance sheet date, the interest rate on term deposits was 0.75%.

<b>15. Qualifying shares</b>	<u>2023</u>	<u>2022</u>
	<u>945,367</u>	<u>950,844</u>

*(a)* There is no limit to the number of shares that the Credit Union is authorized to issue. The number of shares held by a member does not determine the member's voting rights since each member is entitled to one vote only at any general meeting.

*(b)* The Credit Union does not have the right to refuse to repay shares when a member so requests. Consequently, shares are classified in the Balance Sheet as liabilities instead of equity.

**BARBADOS TEACHERS' CO-OPERATIVE CREDIT UNION LTD.**

**Schedule of Other Operating Expenses  
Year ended March 31, 2023  
Expressed in Barbados Dollars**

	<u>2023</u>	<u>2022</u>
Advertising	44,563	54,160
Compliance - Anti-Money Laundering	57,000	59,000
Bank charges	33,040	26,614
Cash transport services	11,645	4,100
Cleaning	32,143	36,791
Computer maintenance	2,770	361
Computer supplies	348	329
Cora Waldron Scholarship Fund	18,750	8,120
Donations	5,050	8,194
Development Fund	8,313	15,654
Education Fund	15,000	106
Equipment maintenance	7,083	23,113
General expenses	10,162	8,468
Financial Services Commission annual fee	53,644	52,743
Honoraria	81,547	83,500
Impairment provision - (decrease) / increase	(532,316)	1,011,998
Insurance	30,458	30,754
League dues	64,555	60,558
Maintenance - building	84,942	135,610
Management Information Systems consultancy	13,833	11,648
Meeting expenses - Annual General Meeting	53,933	45,747
Meeting expenses - other	20,582	18,995
Members' education	1,105	828
Mutual Benefits Plan (MBP) assessments	308,011	240,054
Office supplies	37,659	33,041
Postage	6,420	8,438
Professional fees - legal and audit	38,075	83,563
Professional fees - other	72,480	68,892
Property consultancy	42,043	48,430
Property tax	59,850	59,850
Security	29,434	34,143
Software license fee	89,413	96,963
Subscriptions	1,038	2,190
Utilities - electricity	34,215	33,563
Utilities - telephone	15,611	13,446
Utilities - water	7,611	7,450
Value Added Tax	62,381	68,555
Vehicle expenses	5,849	7,887
	<u>928,240</u>	<u>2,503,856</u>