



*"Evolving To Meet Members' Needs In Changing Times"*



GRENADA PUBLIC SERVICE CO-OPERATIVE CREDIT UNION LIMITED  
Annual Report 2012

# Mission

*To enhance the quality of life of members through the equitable provision of relevant financial products and services*

# Vision

*To maintain leadership in the credit union sector*

# Core Values: TAGS

*We are committed to:*

*Trust:-*

*Act in members' best interest*

*Open and honest*

*Democracy based*

*Access:-*

*Affordable financial services*

*Personalised Service*

*Flexibility in delivery*

*Growth:-*

*Providing loans for provident and productive purposes*

*Improving quality of life*

*Growing both the Credit Union and its members*

*Self-help:-*

*Mobilizing savings to finance loans*

*Sustainable operations*

*People helping people*





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## Credit Union Prayer

Lord, make me an instrument of thy peace  
 Where there is hatred let me show love  
 Where there is injury, pardon  
 Where there is doubt, faith  
 Where there is despair, hope  
 Where there is darkness, light, and  
 Where there is sadness, joy

Oh 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 giving that we receive,  
 It is in pardoning, that we are pardoned,  
 And it is in dying that we are born to eternal life.

Bless, Oh Lord our deliberations and grant that  
 Whatever we may say and do  
 Will have thy blessing and guidance  
 Through Jesus Christ Our Lord  
 Amen

## Credit Union Song

With us there are no barriers  
 'Cause we're all the same  
 The more of us the happier  
 The louder we'll proclaim  
 That we are owner-members  
 Our rule is honesty  
 We are the Credit Union  
 And all the world can see

### *Chorus*

Together, we give and receive  
 Together, we help each other to achieve  
 Cause in our world today  
 It's not safe to be alone

We all will be true savers  
 Though it be great or small  
 We will become shareholders  
 Providing loans for all  
 When great need arises  
 There's no uncertainty  
 Once in the Credit Union  
 There's help for you and me.

We pledge to be of service  
 To better our land  
 We harbour no prejudice  
 Upon this theme we stand  
 One man one vote for members  
 Of high or low degree  
 For in the Credit Union  
 There's pure Democracy





# Notice Of Meeting

Notice is hereby given that the Annual General Meeting (AGM) of the Grenada Public Service Co-operative Credit Union Ltd. is scheduled for Thursday 25<sup>th</sup> April 2013 at 2:00 p.m at the Trade Center, Grand Anse, St. George.

## AGENDA

### OPENING SESSION

- 1.1. Call to order and welcome
- 1.2. Credit Union prayer
- 1.3. Silent tribute
- 1.4. Apologies for absence
  
2. Greetings from Guest Societies
3. Remarks by invited officials
4. Break

### BUSINESS SESSION

1. President's Message
2. Nominations Committee Report and Elections
  - 2.1. Voting
  - 2.2. Sitting of new Directors
  
3. Consideration of the Minutes of the Annual General Meeting (AGM) held 14<sup>th</sup> June, 2012
4. Committee Reports
  - 4.1. Board of Directors
  - 4.2. Credit
  - 4.3. Supervisory and Compliance
  - 4.4. Treasurer and Auditors
  
5. Resolutions
  - 5.1. Allocation of Surplus
  - 5.2. Appointment of Auditors
  - 5.3. Approval of Budget 2013 and 2014
  - 5.4. Distribution of Electronic Report AGM Report

Sis. Gemma Bain-Thomas  
Secretary



# Corporate Information



**Credit Union House**  
906 Church Street,  
St. George's, Grenada  
P.O. Box 886  
Telephone: (473) 440 1759  
Fax: (473) 440 8031  
E-mail: info@gpsccu.org  
Website: www.gpsccu.org  
www.facebook.com/gpsccu

**Grenville Branch Office**  
Lower Canal Road  
Grenville,  
St. Andrew's  
Telephone: (473)438-4929/4930  
Fax: (473) 438-4928

**Carriacou Branch Office**  
Church Street  
Hillsborough,  
Carriacou  
Telephone:(473) 443 7461  
Fax: (473)443-8520

**Auditors:**  
Pannell Kerr Forster

**Bankers:**  
RBTT Bank (Grenada) Ltd.

Grenada Co-Operative Bank Ltd.

**Solicitors/Attorneys:**  
Wilkinson,Wilkinson & Wilkinson

## Executive Officers

Bro. Phillip Telesford	-	President
Bro. Christopher De Allie	-	Vice-President
Sis. Gemma Bain-Thomas	-	Secretary
Sis. Merlyn St. Bernard	-	Asst. Secretary
Mr. Garvin Roberts	-	Treasurer

## Members:

Bro. Augustine Francis Balwant  
Bro. Carlyle Felix  
Bro. David Griffith

## Management:

**General Manager:**  
Sis. Lucia Livingston-Andall

**Manager Loans & Credit Administration (Ag.):**  
Sis. Florence Ann Williams

**Manager Finance and Operations:**  
Bro. Kippling Charles

**Officer in Charge of Carriacou:**  
Sis. Princess Herry-John

**Officer in Charge of Grenville:**  
Bro. Nelson Kimron Corion



# to the **Connect** World with **CONNEX!**



## A World of Convenience with :

- Use at Merchants Nationwide
- International Shopping Made EASY
- Easy Online Transactions
- Access to your Cash ANYTIME, ANYWHERE
- Low Fees



**GRENADA PUBLIC SERVICE  
(CO-OP) CREDIT UNION LTD.**

*Expect More From Your Credit Union*



# Board Of Directors

- Bro. Phillip Telesford - President
- Bro. Christopher De Allie - Vice President
- Sis. Gemma Bain-Thomas - Secretary
- Sis. Merlyn St. Bernard - Asst. Secretary
- Bro. Garvin Roberts - Treasurer

## Members:

- Bro. Augustine Francis Balwant
- Bro. Carlyle Felix
- Bro. David Griffith







# Management

**General Manager**  
Lucia Livingston-Andall (Mrs.)



**Manager of Loans & Credit Administration (Ag.)**  
Florence Ann Williams (Mrs.)



**Manager of Finance & Operations**  
Kipling Charles



# Staff Members

## Administration Dept.

Sabrina Rodney-Ogilvie  
 Kimalene Regis  
 Michelle Cambridge  
 Janice Darbeau  
 Kenisha Moses  
 Richard George

Human Resource Officer  
 Marketing Officer  
 New Members Services Assistant  
 Receptionist  
 Clerical Officer  
 Clerical Assistant



## Finance & Operations Dept.



Neika Johnson  
 Lenus Walker  
 Candia Nicholas  
 Randy Frank  
 Frances Gilbert  
 Jaydelle Celestine  
 Edwin Francis  
 Caleb Gabriel  
 Kevin Lord

Assistant Accountant  
 Systems Administrator  
 Supervisor - Member Service Assistant  
 IDC Supervisor  
 Member Service Assistant  
 Member Service Assistant  
 Member Service Assistant  
 Member Service Assistant  
 Member Service Assistant



## Loan & Credit Department

Gerlan Peters  
 Rachael Brown  
 Mondella Lynch-Alleyne  
 Heather Thomas  
 Sindy Ann Morain  
 Kevin Gilbert  
 Edlyn Lalsee  
 Marietta Mitchell  
 Kesha Bartholomew

Senior Loans & Credit Admin Officer  
 Delinquency Control Supervisor  
 Securities Officer  
 Delinquency Control Officer  
 Loan Analyst  
 Loan Analyst  
 Credit Admin Assistant  
 Assistant Loans Analyst  
 Clerical Officer



**Carriacou Branch**  
 Princess Herry-John  
 Wineth Stewart

O/C Carriacou Branch  
 Member Service Assistant



**Grenville Branch**  
 Kimron Corion  
 Londell Francique

O/C Grenville Branch  
 Member Service Assistant

# Operating Highlights

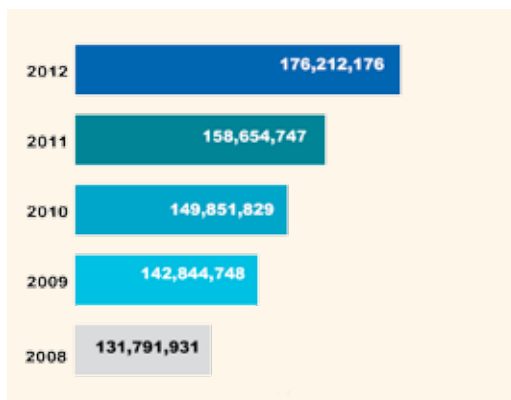


	2012	2011	2010	2009	2008	2007
Gross Loans	148,890,170	139,749,060	129,080,742	122,729,841	114,225,015	94,469,702
Net Loans	145,332,804	136,691,694	126,823,376	120,853,097	112,033,619	92,267,358
Investments	20,268,965	15,014,274	16,179,094	13,824,687	15,218,924	12,067,927
Fixed Assets	2,774,459	2,528,729	2,554,090	1,704,569	1,867,154	1,990,062
<b>Total Assets</b>	<b>176,212,175</b>	<b>158,654,747</b>	<b>149,851,829</b>	<b>142,844,748</b>	<b>131,791,931</b>	<b>108,857,193</b>
<b>LIABILITIES</b>						
Member Regular Shares	76,247,301	71,259,230	67,341,420	62,660,038	57,576,630	48,519,411
Other Deposits	67,267,567	56,694,747	54,670,256	51,656,883	50,768,088	39,968,153
<b>Total deposits</b>	<b>143,514,868</b>	<b>127,953,977</b>	<b>122,011,676</b>	<b>114,316,921</b>	<b>108,344,718</b>	<b>88,487,564</b>
<b>CAPITAL</b>						
Member Equity Shares	5,473,453	4,103,606	3,271,759	2,802,535	2,311,123	1,572,443
Surplus and Reserves	13,184,017	11,797,730	9,679,366	11,697,836	11,192,424	10,463,989
<b>Institutional Capital</b>	<b>18,657,470</b>	<b>15,901,336</b>	<b>12,951,125</b>	<b>14,500,371</b>	<b>13,503,547</b>	<b>12,036,432</b>
<b>INCOME</b>						
Interest on loans	13,586,098	12,618,749	12,153,135	11,156,611	9,986,276	8,013,597
Other Income	961,645	1,443,759	1,295,848	867,418	849,330	739,218
<b>Total income</b>	<b>14,547,743</b>	<b>14,062,508</b>	<b>13,448,983</b>	<b>12,024,029</b>	<b>10,835,606</b>	<b>8,752,815</b>
<b>EXPENDITURE</b>						
Interest on Deposits	7,000,063	6,740,953	6,300,031	6,389,633	5,741,341	4,765,952
Other Expenses	5,521,421	5,310,284	8,846,414	4,895,740	4,004,032	3,505,236
<b>Total expenses</b>	<b>12,521,484</b>	<b>12,051,237</b>	<b>15,146,445</b>	<b>11,285,373</b>	<b>9,745,373</b>	<b>8,271,188</b>
<b>SURPLUS</b>						
Surplus for the Year	2,026,259	2,011,271	(1,697,462)	738,656	1,090,233	481,627
Upappropriated Surplus	1,418,381	1,407,889	(1,697,462)	499,155	708,651	313,058
<b>Dividend/Rebate paid/proposed</b>	<b>272,694</b>	<b>210,204</b>	<b>-</b>	<b>380,573</b>	<b>315,157</b>	<b>542,703</b>
<b>MEMBERSHIP</b>	<b>8,677</b>	<b>8126</b>	<b>7685</b>	<b>7,143</b>	<b>6701</b>	<b>5737</b>

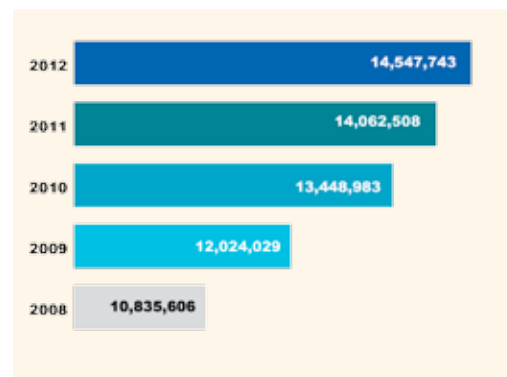


# Operating Highlights

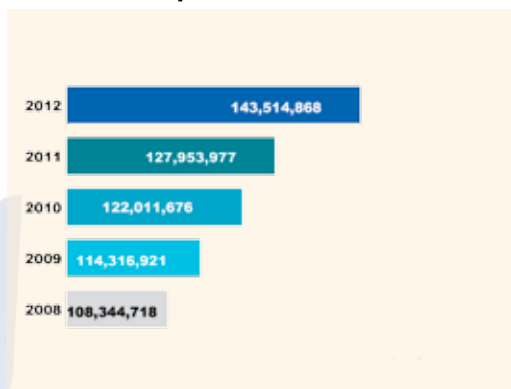
## Total Assets



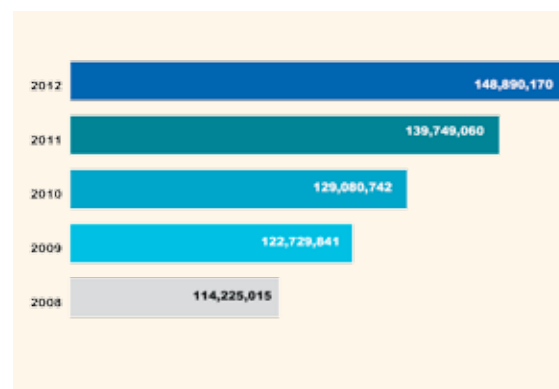
## Total Income



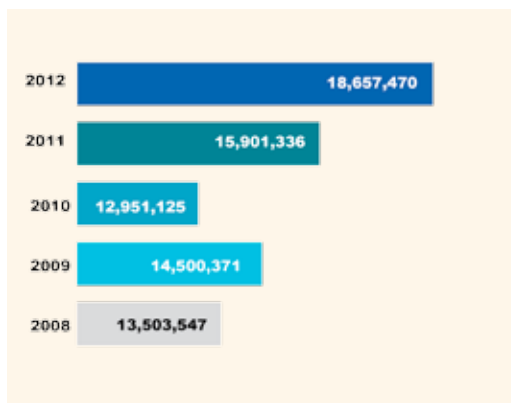
## Total Deposits



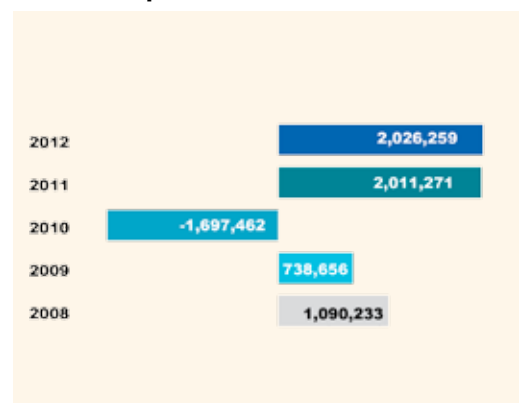
## Gross Loans



## Institutional Capital



## Surplus





# President's Message

*Dear Members,*

As we come to the end of another Financial Year we reflect on our challenges and successes as we position the Grenada Public Service Co-operative Credit Union (GPSCCU) to meet members' needs in these changing times.

During 2012 your Board of Directors focused on four key areas of performance:

1. Delinquency management
2. Improved relations between committees
3. Liquidity management
4. Growth



## DELINQUENCY MANAGEMENT

Last year I shared with you the Board's desire to strengthen the loans department and improve delinquency management. I am happy to report that the process has begun; I must admit that the road seems long and rugged at times but we are committed to the process. On October 14<sup>th</sup> 2012 your President called a meeting of the Loans Department and the Credit Committee in a bid to address concerns relating to the Loans Department with specific focus on Delinquency Management. Thus far, significant steps have been taken and in the coming months and years we expect to see far reaching improvements.

## IMPROVED RELATIONS AMONG COMMITTEES

Guided by the principle *"The most important single ingredient in the formula of success is knowing how to get along with people."* by Theodore Roosevelt, we made it our duty to meet with all committees during the year in a bid to foster better co-operation and share the Board's vision for a stronger Credit Union where each one will be

free to make his/her contribution in an environment that encourages participation. In this regard, I admit that there is still more work to be done, however I am happy to report that much progress has been made.

On July 20<sup>th</sup> your Board hosted a one day retreat at the Flamboyant Hotel facilitated by consultants from Trinidad and Tobago and Grenada. The retreat was held under the Theme *'Transformational Leadership: Teaming for Success'* which brought together management and statutory committees. With initiatives like these and members' desire to work closer together for the common good of the Credit Union, I believe that in a few years there would emerge a model of self supervision and monitoring that will be coveted by most. The GPSCCU embraces supervision and monitoring because it makes us stronger!





## LIQUIDITY MANAGEMENT

Following the 2011 annual accounts which highlighted a capital deficiency and liquidity shortfall GARFIN gave us a time table within which we must satisfy these shortfalls brought about by the Global Economic Recession and the failure of BAICO and CLICO. Within 12 months we were able to resolve the capital deficiency and the liquidity problems, thus proving the resolve of your management and the strength of your Credit Union.

## GROWTH

For the second year running, your Credit Union generated a net surplus before appropriation of \$2M. This performance is as a direct result of careful planning and execution of the Credit Union's agenda.

Over the past year our Credit Union has recorded significant growth. Total assets moved from \$159M recorded in 2011 to \$176M in 2012 that is; a 10.7% growth, total loans grew by 6.3%, deposits 12.1% and income 2.8%. Membership grew by 551 new members from 8,126 in 2011 to 8,677 in 2012. The rate of growth of the Credit Union underscores the need to expand our current office space at Church Street, St. George and also to address the issue of parking space for members while conducting business. A visit to the Carriacou Branch during the year also highlighted the need for a larger office space and more staffing there.

This growth that we now enjoy did not happen overnight, it is as a result of the confidence that you the members have placed in your Credit Union over the years; It is as a result of the cross-fertilization of ideas when the Supervisory and Compliance Committee, Credit Committee and the Board sitting together to offer leadership to the Credit Union; It is as a result of decisions made and concerns raised by you our loyal membership during AGMs, this is why it is so important to attend these meetings. Our Credit Union is strong because we built it together!

During the June 14<sup>th</sup> AGM of 2012 many questions were raised concerning the Morne Jaloux project. Your Board took copious notes of your concerns and immediately commissioned a thorough review of the project. When the entire process is complete members can expect to see a redesign of the houses and a more balanced and cautious approach towards the investment.

## CONCLUSION

Your Board of Directors continues to embrace and implement recommendations made by the Supervisory and Compliance Committee and GARFIN.

During the year your Board worked closely with Management to ensure that most recommendations that were brought to the attention of the Board were implemented. Our goal is to ensure maximum efficiency in all aspects of business whilst strengthening corporate governance. We therefore take this opportunity to thank GARFIN, the Internal Auditor and the Supervisory and Compliance Committee for their vigilance and commitment to the process.

I wish to assure you that the Board of Directors continues to work toward implementing these recommendations; I quote from the May 2012 GARFIN interim assessment report in support to this fact. *"It must be noted that a review of the credit union's progress report relative to the recommendations made previously and the conclusions based on the results of this assessment, indicate significant and commendable progress in addressing the specific issues. The Credit Union has developed comprehensive policies endorsed by the Board, to govern credit risk-taking and management activities consistent with the institution's risk profile and nature of business"*.



In conclusion, I wish to thank, my fellow Directors for their dedication to the success of the Credit Union and for affording me this opportunity to serve as President for another year; the Supervisory and Compliance Committee for their co-operation and continued hard work; the Credit Committee for their distinguished service during the year; the General Manager and her Management and Staff for their steadfastness and commitment to duty during the past year and you the entire 8,766 members for your continued loyalty to the GPSCCU.

In closing I leave you with this quote from Marshall Field *“Goodwill is the one and only asset that competition cannot undersell or destroy.”* So love your Credit Union, build goodwill by working as a cohesive unit towards a single goal, expand your equity stake and your Credit Union will always be strong.

I wish you a successful AGM and all the best for 2013.

Phillip Telesford  
President







# Board Of Directors' Report

## 1. BOARD COMPOSITION

The Following members comprised the Board of Directors following the elections held at the Annual General Meeting on 14<sup>th</sup> June 2012:

Sis. Gemma Bain-Thomas  
Sis. Merlyn St. Bernard  
Bro. Francis Balwant  
Bro. Christopher De Allie  
Bro. Carlyle Felix  
Bro. Kelvin George  
Bro. David Griffith  
Bro. Garvin Roberts  
Bro. Phillip Telesford

At its first meeting held on 19<sup>th</sup> June 2012, the Board elected its executive officers as follows:

Bro. Phillip Telesford	-	President
Bro. Kelvin George	-	Vice-President
Sis. Gemma Bain-Thomas	-	Secretary
Sis. Merlyn St. Bernard	-	Asst. Secretary
Bro. Garvin Roberts	-	Treasurer
Bro. Christopher De Allie	-	Asst. Treasurer

In October 2012, Bro. Kelvin George resigned from his position on the Board of Directors due to other pressing commitments and Bro. Christopher De Allie was elected as Vice President. The Board of Directors takes this opportunity to extend heartfelt gratitude to Bro. George for his service.

## 2. EXTERNAL ENVIRONMENT

### 2.1 Economic Environment

During 2012 the Credit Union operated within a challenged economic environment wherein economic growth in the region continued to fall. The Governor of the Eastern Caribbean Central Bank in his address to the ECCU region on 29<sup>th</sup> January 2013 reported that preliminary data for the year 2012 indicated that economic activity in the region contracted for a fourth consecutive year although the pace of contraction slowed relative to the average for the previous three years. Real GDP was estimated to have declined by 0.1 per cent, compared with an average contraction in the previous three years (2009-2011) of 2.2 per cent.



Performance in Grenada was a microcosm of that of the wider region. The country was expected to end the year at approximately one percent negative growth contrary to an earlier projection of a positive growth of 2.5%. The continuing decline in tourism was a major contributor to this performance.

## 2.2 Credit Union Sector Performance

Despite a negative growth rate in the wider economy the Credit Union sector continued to expand during the year. The sector grew by 5.7% in loans, 0.8 % in membership, 8.3% in assets and 4.7% in deposits over the period Dec 2011 to November 2012. This continuing growth reflected the wider acceptance and patronage of credit unions by the general public and the more assertive stance that the sector was adopting as a significant player in the financial services industry.

	All Credit Unions			GPSCCU		
	Nov 2012	Dec 2011	% Change	Nov-12	Dec-11	% Change
Deposits	\$285,720,734.00	\$272,184,202.00	4.74%	\$128,896,134.00	\$121,738,532.00	5.55%
Loans	\$295,996,156.00	\$278,910,518.00	5.77%	\$145,406,351.00	\$136,991,693.00	5.79%
Assets	\$370,577,007.00	\$339,791,572.00	8.31%	\$173,869,551.00	\$156,184,688.00	10.17%
Shares	\$22,979,953.00	\$15,973,797.00	30.49%	\$5,392,418.00	\$3,791,723.00	29.68%
Members	44,239	43,849	0.88%	8,560	8,126	5.07%



## 3 GPSCCU'S PERFORMANCE

### 3.1 Financial Performance

The Grenada Public Service Credit Union was a major contributor to the growth of the Credit Union sector and mirrored the growth rate experienced by the sector. Of significance is the achieved rate of growth in equity shares which stood at 30.48% for the sector and 29.68% for our Credit Union. Other achieved rates of growth to November 2012 were 5.6% in loans, 5.6% in deposits, 10.2% in assets and 5.1% in membership.

### 3.2 Corporate Governance

Following its appointment in June 2012 one of the first tasks the Board embarked upon was to attempt to improve both the formal and informal communication mechanisms among the leadership and to encourage open dialogue. This was facilitated through a one-day transformational leadership retreat for the Directors, Members of the Supervisory and Compliance Committee, Members of the Credit Committee and Management. This exercise, which was facilitated by an external consultant, was instrumental in encouraging the participants to openly share their views on the strengths and shortcomings of the organization, as they perceived them, and put forward proposals for improving communications and ongoing dialogue aimed at continuous improvements.



The attempts did not end there but continued with organized meetings between the Board and Supervisory and Compliance Committee and among the joint Committee. The Board is pleased with the results of these discussions and is committed to continuing the process. The role played by the Internal Auditor has also assisted greatly in improving the communication flow between the Management and Supervisory and Compliance Committee and assisting the Committee in their monitoring and review work.

### 3.3 Operation of Branches

The Carriacou and Grenville Branches continued to be instrumental in providing service to members in these parishes and their surrounds. During the year the number of members served through the Grenville Branch increased to 1180 while in Carriacou this increased to 629. Deposit growths of 9.7% and 18% were experienced in the Grenville and Carriacou Branches respectively.

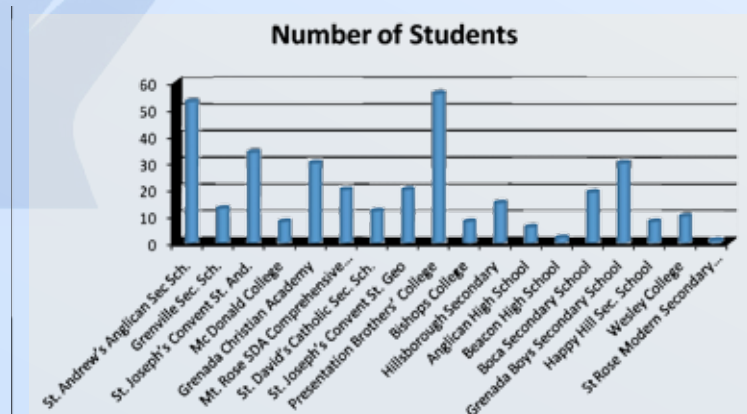
The Grenville Branch celebrated five (5) years of operations in June 2012 with an anniversary open house which coincided with the launch of the Ease the Squeeze loan promotion. The International Debit Card (IDC), Credit Union discount cards and Excel club were also implemented and promoted to the membership there.

### 3.4 Supervision and Inspection

During April the Grenada Authority for the Regulation of Financial Institutions (GARFIN) conducted another assessment of the Credit Union's operations. The team noted that the Credit Union had addressed all matters raised in its previous inspection and the report conveyed the Authority's general satisfaction with the organization's performance. One exception was in the area of the management of liquidity which continued to be outside of the PEARLS standards. In response to this observation the Board approved a plan for correcting this liquidity deficiency over a period. We are pleased to report that by year end the ratios improved significantly with the reserve ratio outperforming the standard by 0.9% and the liquid assets ratio improving from 5.1% at the end of 2011 to 12.5% at the end of 2012, falling short of the standard by 2.5%. This ratio will be brought in line during 2013.

### 3.5 EXCEL Programme

The Excel Club was launched in November of 2011 with the objective of providing incentives for students to excel in academics, sports and arts while at the same time cultivating lifelong savings habits. At the end of 2012 there were 346 students enrolled in the programme in approximately 20 secondary schools on the island and Carriacou.





During the year savings targets were set and an incentive provided for meeting the targets. By December approximately 150 students, almost half the Excel members' portfolio, were able to reach or exceed the targets.

### 3.6 Social Media

In November, 2012 the Credit Union's marketing efforts were extended to the Social Media. A facebook page was created for the Credit Union and another for the students of the EXCEL Club. To date positive responses have been received from both pages. The pages also provide general financial literature for the education and upliftment of the membership. [www.facebook.com/gpsccu](http://www.facebook.com/gpsccu)

### 3.7 Member Education

Supporting members through financial training and education continued to be one of the areas of focus. Presentations were made to the employees of many institutions in an effort to sensitize members on the products and services provided by the Credit Union and on how these products could be of benefit to them in the planning and management of their finances.

Recipients/Media	Date	Topic
Members of GPSCCU(Carriacou)	March 2012 to December 2012	Radio Programme GPSCCU and You
Members of GPSCCU	October 2012	Participation in ECHMB Home Ownership Day
Financial Literacy Month Klassic Radio	October 2012	Discussion on "Building a sustainable business through wise money management"
Participants of the MAREP Programme (St. Patricks)	October 2012	Entrepreneurship as an avenue for employment and wealth creation
Participation in Financial Fair, Esplanade Mall	October 2012	GPSCCU Financial Awareness Booth





### 3.8 Delinquency Management

Delinquency management continued to be an area of concern. The Board, being mindful of the challenging economic environment, saw the need to be creative in providing support to members while at the same time not compromising the financial integrity of the organization. To this end, management was granted limited flexibility to allow withdrawals from shares held as security against borrowings rather than insisting on more borrowings to meet verifiable cases of need.

During the year some collateral securities held against delinquent loans were liquidated through sale of property. While not being the preferred option it became necessary in order to safeguard the Credit Union's assets and members' deposits.

Members are urged to be loyal to their Credit Union by meeting their obligations on time or, when unable, to hold discussions with management early so that mutually comfortable solutions can be reached.

### 3.9 Provident Fund

The Board again benefitted from the work of the Provident Fund Committee in administering the Provident Fund and making recommendations for support in genuine and deserving cases. During the year, donations in the amount of \$22K were made to members for medical emergencies and for Christmas hampers to the needy and shut-ins. We thank the committee, under the chairmanship of Sister Gloria Payne Banfield, for their work.



Christmas hampers for needy members

### 3.10 Tertiary and Secondary Schools Scholarships Secondary Schools Scholarship Program

Two (2) additional scholarships under the Credit Union's Secondary School Scholarship Program, in the amount of \$1000.00 each were awarded for the year. They were awarded to Khalia Benjamin (Carriacou) and Britney Rennie.



Four (4) recipients under the program, Candice Brown, Rochelle Franklyn, Kemasha Livingston and Ahkid Louison completed secondary school and graduated with commendable performances in the CXC examinations. We congratulate them. There are currently a total of ten (10) recipients in the program in forms 1 to form 5. The Secondary Schools Scholarship Committee under the chairmanship of Sis. Meryl Lord continues to support, mentor and motivate these students.

On the advice of the committee the Board gave its approval to extend this scholarship program to tertiary education at the T.A. Marryshow Community College level. It also mandated the management to develop a proposal for rewarding holders of the Credit Union's Education Saving Plan (ESP) who excel in the Caribbean Primary Exit Assessment examinations. Work is presently on-going for implementation in the 2013/2014 academic year.

#### Joseph Bain (Tertiary) Scholarship program



The Joseph Bain awards for the year 2012 went to Shonna Andrews of River Road, St. George's and Carvel Lett of Dudmar, St. David's. They were awarded \$5000.00 each.

NAME	SCHOOL	DEGREE
Sis. Shonna Leah Andrews	University of the West Indies	BSc. Management Studies
Sis. Carvel Lett	St. George's University	MBA in International Business

Applications for the Joseph Bain tertiary education scholarship are accepted during July to August of each year and are open to all members who best fit the criteria of academic excellence, financial inability, commitment to area of study, contribution to the life of the Credit Union and potential for application of the training to the work of the Credit Union. Qualified members are encouraged to apply.





### 3.11 Donation and Contributions

As has become customary the Credit Union recognized the needs of various charitable organizations, schools, churches and other social and development causes during the year . Donations totaling \$34K were made. Some of the recipients included: Grenada Amateur Swimming Association, Resource Center for the Blind, Grenada Diabetes Foundation, School for the Deaf, Friends of Cadrona Home, The Salvation Army and other educational and social activities in Grenada, Carriacou and Petite Martinique.

## 4.0 HUMAN RESOURCE REPORT

### 1) Appointments and Registrations

During the year, Bro. Erron Lewis, Member Service Representative, received a scholarship from the Government of Grenada based on his outstanding academic performance in the Cape examinations and resigned to pursue studies at the Bachelors level at the University of the West Indies, St. Augustine. The Board extends congratulations to him.

Five (5) new members of staff were appointed as follows:

- Sis. Neisha Allard - Clerical Officer Grenville
- Sis. Nerissa Chitterman - Member Services Assistant
- Sis. Nghia Haynes - Clerical Officer
- Sis. Raquel Langdon - Member Services Assistant
- Sis. Dexta Padmore - Member Services Assistant



### ii) Academic Achievement

Sis. Rachael Brown, our Delinquency Control Officer, obtained a Masters in Business Administration degree from the University of the West Indies. We extend congratulations and encourage other members of staff to follow her excellent academic performance.

### iii) Staff & Volunteer Training and Education

In keeping with the Credit Union philosophy of empowering elected representatives, managers and employees through education, training and information the following training opportunities were provided during the year.



Course	Date	Attendee	Facilitator
Learning to Lead	February	Kimron Corion Sabrina Rodney-Ogilvie Princess John	Edward Frederick
Project Monitoring & Programme Evaluation online	February - March	Kimron Corion	Microsearch International Inc.
ECSM Certification Programme	February	Neika Johnson	Eastern Caribbean Securities Exchange
Project Writing Workshop	March	Kimron Corion	Caribbean Development Bank
Mortgage Underwriting Programme	May	Sindy Ann Morain Princess Herry-John	Eastern Caribbean Home Mortgage Bank
Performance Management Workshop	May	Sabrina Rodney-Ogilvie	High Impact Consulting Inc.
Credit Appraisals Techniques	May	Kimron Corion Kevin Gilbert	Grenada Development Bank
Team Building	May	All Staff	Edward Frederick
CCCU Convention	June	Lucia Livingston-Andall Francis Balwant Kimalene Regis	CCCU
Leadership Retreat	August	Board of Directors Supervisory & Compliance Committee Credit Committee Management	Odyssey Consulting Inc.
Project Writing Workshop	September - October	Sabrina Rodney-Ogilvie	Caribbean Development Bank
Caribbean Microfinance Seminar	September	Kimalene Regis Sindy Ann Morain Florence Williams	Carib-Cap Project II
Mortgage Underwriter Programme Module 2	November	Gerlan Peters Princess John	Eastern Caribbean Home Mortgage Bank





## 5.0 TRANSITIONS

The following members died subsequent to our Annual General Meeting held in June 2012. We express condolences to their loved ones.

NAME	DATE OF DEATH
Sis. Veronica Sandy	January 2012
Bro. Curtis Edwards	January 2012
Bro. Francis Noel	January 2012
Sis. Marjorie Redhead	January 2012
Sis. Vita Sealey	February 2012
Sis. Claudette Renwick	February 2012
Sis. Elmina Eldica Thomas	February 2012
Hon. George Brizan	February 2012
Bro. Whelan Celestine	March 2012
Bro. Learie Baptise	March 2012
Bro. Reginald Ramjohn	April 2012
Bro. Allan Edwards	April 2012
Bro. Michael John George	June 2012
Sis. Phyllis Oliver	June 2012
Sis. Elenor Butler	June 2012
Sis. Juliet Speede	June 2012
Sis. Mary Regis	July 2012
Sis. Ermintrude Johnson-La Barrie	July 2012
Sis. Jennifer Grey	August 2012
Bro. Isreal Ventour	August 2012
Bro. Kennie Duncan	August 2012
Bro. Bonston Hutton	Septembr 2012
Bro. Patrick Thompson	September 2012
Bro. Chris Allen Baptiste	September 2012
Bro. Cephus Pilgrim	October 2012
Sis. Helga Benjamin	November 2012
Sis. Patricia Harper-Peters	November 2012
Bro. Carylye W. Joseph	November 2012
Bro. Crispin Frederick	December 2012
Bro. Robin C. Hosten	December 2012



Bro. Robin C. Hosten	December 2012
Bro. Norris Andrew	January 2013
Bro. Samuel Mc Donald	January 2013
Bro. Felix Mc Intosh	February 2013

## 6. ACKNOWLEDGEMENTS

The Board is grateful to the Members of the Supervisory and Compliance Committee, Credit Committee, Secondary Schools Scholarship Committee, Joseph Bain Scholarship Committee and the Provident Fund Committee for their hard work and dedication to duty during the last year. They gave unstintingly of their time and talent and treasures were created for the members of the Credit Union. We thank you. We also say thanks to the Management and Staff for their focused and dedicated service and to you the membership for giving us the opportunity to serve you.

Phillip Telesford  
PRESIDENT

Gemma Bain Thomas (Mrs.)  
SECRETARY

Lucia Livingston – Andall (Mrs.)  
GENERAL MANAGER





# Credit Committee's Report

The Credit Committee is pleased to present its report for the financial year 2012 in accordance with the Credit Union's By Laws and the mandate given at the last General Meeting. This report covers the period January to June 2012 and July to December 2012. During these periods the Committee comprised the following members.

January to June 2012	Position	July to December 2012	Position
Bro. Justin Hazzard	Chairman	Bro. Terrence Victor	Chairman
Bro. Terrence Victor	Secretary	Bro. Adrian Joseph	Secretary
Sis. Judy Pivotte		Bro. Dorrان Strachan	
Bro. Adrian Joseph		Bro. Justin Hazzard	
Bro. Maximus Lazarus		Bro. Maximus Lazarus	

## Overview

The year 2012 can be described as satisfactory with a fair amount of challenges for the Credit Committee. The Committee is very grateful for the opportunity to participate in the activities initiated by the Board of Directors which gave the Committee a much better understanding of its role and how it can improve on delivering service to our members. The Committee congratulates the Board on such initiatives as it continues to focus on improving the manner in which we conduct business.

The Committee is fully aware of the global economic environment in which the Credit Union and its membership conducted business over the past year. However, notwithstanding a contracted regional economy, there was only a slight reduction of .01 percent in the total number of loans approved and an overall growth in the loan portfolio of 7 % over 2011.

As a responsible Committee, we employed our best efforts to strike the right balance between exposing the Credit Union to various risks while facilitating improvement in the lives of our members. The Committee however noted the high Debt Service Ratios in many of the applications received and the increasingly high debt burden being incurred by members at or just before the time of retirement. The Committee reiterates the importance of careful planning and the impact of decisions taken when committing to additional debt.





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During the year the Credit Committee met forty seven (47) times and considered a total of 4,327 loan applications. Of these, a total of 4,348 loans were approved with a total value of \$36 million dollars. This represented increases of 8% in the amount of loans and 5% in value over 2011 and an overall loans portfolio of 148 million dollars. A total of twenty-one applications with a value of \$854,913 were not approved.

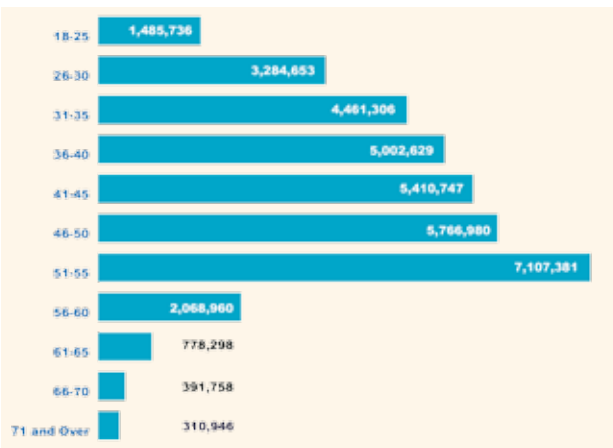
### General Observations

Loans for debt consolidation had the largest increase both in the amount of applications approved (60%) and in total value (100%). This may be as a result of member's decision to consolidate debt from within the Credit Union or from other financial institutions to reduce on the number of commitments and take advantage the benefits involved.

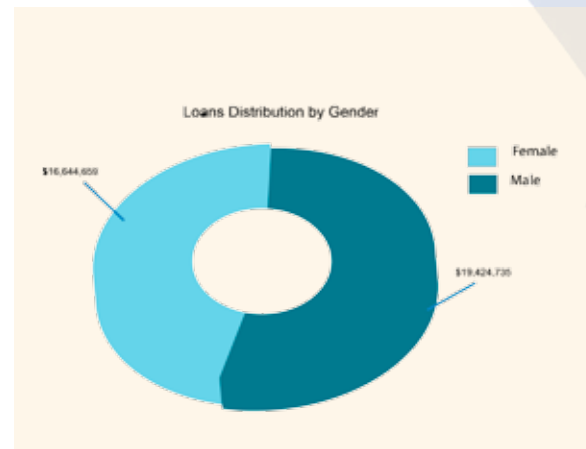
There was also a 49 percent increase in the number of loans approved for small business with a 6 percent reduction in the value. This indicates that more members are investing in small business, a positive sign for the Credit Union.

The Committee however notes the decrease in the number of loans approved for the productive sectors: Home Construction, Land Purchase, Education, Vehicle, and Vacation and Travel. This may be as a result of a contracted local economy together with a general stagnation in members' disposable income.

### Loans Disbursed by age

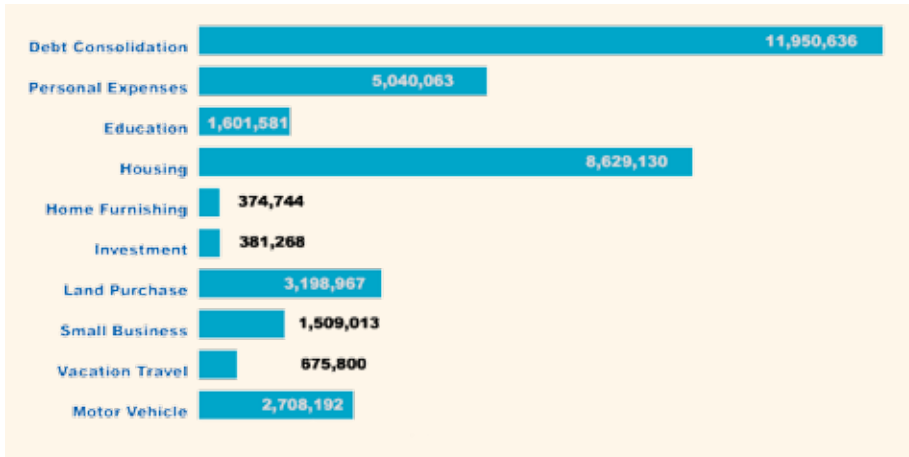


### Loan Distribution by Gender





## Loan Distribution by Purpose



A comparison of the loans for the years 2011 and 2012 is shown in the following table.

Loans Disbursement 2012/2011

Category	Number of loans			Value of Loans		
	2012	2011	% Change	2012	2011	% Change
Debt Consolidation	1,014	633	60%	11,950,636	5,961,100	100%
Personal Expenses	2,164	2,567	-16%	5,040,063	6,153,469	-18%
Education	189	214	-12%	1,601,581	1,624,548	-1%
Housing	381	389	-2%	8,629,130	14,611,195	-41%
Home Furnishing	72	62	16%	374,744	388,344	-4%
Investment	21	25	-16%	381,268	313,337	22%
Land Purchase	36	33	9%	3,198,967	3,547,139	-10%
Small Business	116	78	49%	1,509,013	1,606,243	-6%
Vacation Travel	109	146	-25%	675,800	880,533	-23%
Motor Vehicle	246	261	-6%	2,708,192	4,603,360	-41%
<b>Total</b>	<b>4,348</b>	<b>4,408</b>	<b>-1%</b>	<b>36,069,394</b>	<b>39,689,268</b>	<b>-9%</b>



## Conclusion

The regional economic outlook for 2013 is projected as positive. Nevertheless, members are urged to be conscious of their financial situation and environment. As a responsible Credit Committee we reiterate the need for our members to be prudent when conducting financial business. Adequate planning and the impact of decisions made are critical while consistent saving with the Credit Union must be exercised at every opportunity. The Credit Committee recommends that members consult the Loans Department on a regular basis particularly before incurring additional debt.

The Credit Committee remains committed to our philosophy of enhancing the lives of our members by lending from pooled savings. We express our thanks to the Board, Management and Staff, and the Supervisory and Compliance Committee for their support throughout the year. To our membership we extend our profound gratitude for the opportunity to serve you for the past year.

Terrence Victor

Chairman





# Supervisory & Compliance Committee's Report

This report of the Supervisory & Compliance Committee is submitted in accordance with the requirement of section 66 (1) (f) of the Co-operative Societies Act No 08 of 2010. At the Annual General Meeting of the Grenada Public Service Co-operative Credit Union (GPSCCU) held on June 14, 2012, the following persons were elected to serve on the Supervisory and Compliance Committee:

Bro. Alan Francis  
Bro. John Alexander  
Sis. Louisa Chevalier  
Sis. Merryl Phillip-Sylvester  
Sis. Shirlyn De Coteau-Sayers

Bro. Alan Francis and Sis. Shirlyn Sayers were the only two newly elected members on the Committee. They replaced Bro. Duane Noel and Bro. Bernard Mc Intosh. The first meeting of the Supervisory and Compliance Committee was held on June 24, 2012. At this meeting, Bro. Alan Francis was elected as the Chairman and Bro. John Alexander was elected as the Secretary.

During the period under review, the following tasks were planned:

1. Financial Statement Review and Sign off
2. Review of Books and Documents of the Credit Union
3. Review of Loan Files
4. Cash Counts
5. Review of Board Minutes
6. Review of the Accounts of Committee Members, Management and Staff
7. Review of complaints received from members

## Financial Statement review and sign off

The objective of this task was to ensure that the information presented in the Financial Statements correctly reflected the transactions that took place during the period under review. The Committee was of the view that the statements were correct to the best of its knowledge.





## Review of Books and Documents of the society

The objective was to ensure the accuracy, completeness and sufficiency of evidence to support the claims of the society. This area covered a wide cross section of activities including:

- Investments
- Fixed Assets
- Securities
- Loans
- Cash accounts

### Investments

The review in this area was aimed at fulfilling two main objectives:

1. To check compliance to By Law 74(2c); to confirm that the amount of the investment stated in the Financial Statement was correct
2. To check compliance to the Investment Policy.

Generally, the Committee was satisfied that the investments were supported with relevant documentation and that the amounts quoted on investments were correct. However, the Committee noted that greater compliance to the Investment Policy is needed, especially, as it relates to Board approval of Investments recommended by the Investment Committee. This recommendation was also made in the previous AGM by the Committee.

### Fixed Assets

This review was to verify that the costs of fixed assets reflected in the Financial Statement were correct. Further, that the assets exist and were not disposed of and that the assets are owned and or controlled by the GPSCCU.

The SCC was satisfied that the costs of fixed assets reflected in the Financial Statement were correct and that the assets exist and are owned by the GPSCCU, but recommends that the system be upgraded or adjusted to update all reports on fixed assets simultaneously.

### Securities

The Committee in accordance with By- Law 74 (2f), assessed whether the assets of the Credit Union were properly protected, in which case it is meant, that, the assets were insured against loss or damage.

The SCC was satisfied that the assets were insured and the coverage was up-to-date. The categories examined were Employer's Liability, Public Liability, Money (cash in transit), Motor Vehicle and Building & Contents.

### Loans

The SCC as part of its job description, performed a series of checks on loans issued by the GPSCCU, with the aim of testing compliance with the Credit Policy and Procedures. The areas examined were:







- Security & Rates
- Approval Procedures
- Application and Disbursement Procedures
- Documentation
- Collection Procedures

The SCC has observed that the position of Financial Adviser remains vacant and recommends that the position be filled as soon as possible.

#### Cash Count

A series of cash counts and reviews of the Financial and Accounting System were conducted. The objective of this task was to determine whether actual total cash in hand was equal to the cashbook (cash on record on system) at the time of the cash count.

Generally, the Committee was satisfied with the outcome of the counts and would like to express its satisfaction with the cooperation of all the cashiers.

#### Review of Board Minutes

The purpose of this activity was to determine whether decisions taken by the Board were in keeping with the Laws governing the Credit Union and also to ensure that these decisions were acted upon. The review is on-going.

#### Review of the accounts of Staff, Board and Committee members

The purpose of this task was to ensure that all loans granted and other transactions were in accordance with the By-Laws and the Corporate Society Act and members are honoring their commitments. The Supervisory and Compliance Committee was satisfied that the findings were in accordance with the By-Laws and Corporate Society Act.

#### Review of complaints from members

The purpose of this task was to ensure that all members are treated with fairness, equity and in accordance with the By-Laws and Corporate Society Act. The Committee did not receive any complaints from members.

#### Training of Committee members

The Supervisory and Compliance Committee recognizes the thrust of the Board to facilitate training of Committee members, and wishes to see that this continue in the future.

In conclusion, we thank the Board, Management, members of staff and the Internal Auditor for their cooperation, and you the general membership for the opportunity to serve.

Alan Francis  
Chairman Of Supervisory And Compliance Committee



# Nominating Committee's Report



## 1.0 Composition:

Sis Merlyn St. Bernard	Member of the Board (Chairman)
Sis. Brenda Charles	Member
Sis Shirley Modeste- Buckmire	Member
Sis Elizabeth Pivotte -Cyrus	Member
Bro. John Auguste	Member

The Committee was constituted in accordance with Section 41(1a and 1b) of the Credit Union's By-laws.

## 2.0 Meetings:

One meeting was held on Friday 15th February 2013. All members were present.

## 3.0 Vacancies:

There were four vacancies to be filled on the Board of Directors and two on the Supervisory and Compliance Committee as follows:

### 3.1 Board of Directors

Sis. Merlyn St. Bernard	Completing 2nd term and not eligible for re- election
Bro. Phillip Telesford	Completing 1st term and eligible for re-election
Bro David Griffith	Completing 2nd term and not eligible for re-election
Bro. Kelvin George	Resigned. Vacancy to fill his remaining term of two years

### 3.2 Supervisory and Compliance Committee

Sis. Louisa Chevalier	Completing 2nd term and not eligible for re-election
Bro. John Alexander	Completing 2nd term and not eligible for re election

### 3.3 Credit Committee

No vacancies to be filled. The Credit Committee was not fully rotated following the passage of the new co-operative Societies Act. Thus an anomaly exists wherein three (3) of the five (5) positions are rotated followed by two (2), resulting in a year with no rotations.



#### 4.0

##### **Nominees:**

The following nominations were received in response to advertisements in the local printed press, on notice boards within the various workplaces, at the Credit Union's office and through SMS text messages:

##### **Board of Directors**

- Sis. Venita Alexander-Thomas nominated by Sis. Vinisha Cudjoe
- Sis. Annette Henry nominated by Sis. Naomi Hector
- Bro. Earl Phillip Charles nominated by Bro. Terrence Victor
- Bro. Ernie James nominated by Sis. Gillian St. Bernard-James
- Bro. Phillip Telesford nominated by self

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

- Sis. Karel Hood nominated by Sis. Kiri-Anne Williams
- Sis. Merina Jessamy nominated by Sis. Veronica Charles

#### 5.0

##### **General Guiding Principles:**

The following were adopted as the general guiding principles for selecting nominees:

- 1) All committee members must actively work toward achieving and maintaining the Credit Union's Vision of "being the leading Credit Union in Grenada, financially viable and driven by a commitment to share responsibility..."

They must:

- Be committed
- Possess the necessary technical capability in the chosen area;
- Have the necessary time at their disposal to attend meetings and make contributions to the work of the different committees;
- Be able and willing to represent the Credit Union in national, regional and international fora such as the National League, OECS Summit, the CCCU Convention and the World Council, if necessary.

- 2) All nominees must meet the requirement of sections 41(2) of the By-laws

#### 6.0

##### **Committee Specific Guidelines**

In addition to the General Guiding Principles some specific principles for the different committees were also adopted as follows:

#### 6.1

##### **Board of Directors**

1. Candidates should meet the General Guiding Principles.
2. Candidates should be capable of ensuring that the Credit Union achieves its goals.
3. Consideration must be given to have fair representation of women on the Board.
4. Consideration should be given to representation from Carriacou
5. Candidates should be able to contribute to the effective implementation of the Credit Union's on-going projects such as the ATM, Real Estate project and expansion of the Headquarters Building.
6. Consideration should be given to fair representation for the older members of the Union.



7. Consideration should be given to increasing the opportunities for involvement by younger and new members within the open bond.
8. Consideration should be given to having a range of relevant skills on the Board in keeping with the current projects and plans of the Credit Union such as:
  - i. Legal
  - ii. Marketing and Public Relations
  - iii. Project Management
  - iv. Banking and Investment Management
  - v. Accounting
  - vi. Real Estate Development

#### 6.2 Supervisory and Compliance Committee

Candidates should:

1. Meet the General Guiding Principles;
2. Possess the skills and knowledge necessary to conduct effective internal audits and due diligence checks as they relate to ensuring effectiveness in procedures and processes and adherence to the highest standards, for example the PEARLS standard;
3. Conduct themselves with the highest level of propriety as it relates to adhering to the rules and regulations of the Credit Union;
4. Command the respect of the Membership, Regulators and Competitors;
5. Be confidential in their dealings with the Credit Union.

#### 6.3 Credit Committee

Candidates should:

1. Meet the General Guiding Principles;
2. Be highly confidential;
3. Be able to analyze financial viability of projects and loan applications and assist in developing risk based lending strategies;
4. Be aware of the new open bond and the risk of lending outside of the traditional public service bond and be able to recommend and assist management in implementing mitigating measures;
5. Be able to advise on strategies to effectively grow the loans portfolio while mitigating against undue risks;
6. Be capable of assisting in developing new loan products and strategies

#### 7.0 Adoption of Scorecard

The Committee gave consideration to a scorecard designed to capture and weight the general and specific criteria as agreed above and agreed to adapt the scorecard as an aid in determining the most suitable candidates for the various positions.

#### 8.0 Consideration of Nominees

Consideration was given to the nominees in keeping with the general and specific guidelines and using the scorecard as adopted.



In giving consideration to Bro. Phillip Telesford's nomination the committee noted that he was the incumbent Chairman of the Board and was guided by a verbal presentation by the Chairman of the Nominations Committee, Sis. Merlyn St. Bernard, on Bro. Telesford's performance during his tenure as Chairman. She cited specifically his efforts and tenacity in seeking to enhance the dialogue, communication and understanding between the Board and the Supervisory and Compliance Committee and the gains that were accomplished in that regard. She was supported in her remarks by Bro John Auguste, who also served with Bro. Telesford.

#### 9.0 Recommendations:

Following its deliberations the Committee agreed to recommend the following nominees:  
Board of Directors

- Bro. Phillip Telesford for a term of three years
- Sis. Annette Henry for a term of three years
- Bro. Ernie James for term of three years
- Sis. Venita Alexander-Thomas to serve the remaining term of Bro Kelvin George for a period of two years.

For the Supervisory Committee

- Sis. Karel Hood for a term of three years
- Sis. Merina Jessamy for a term of three years

The Committee further agreed to recommend that in an effort to enhance the objectivity of the process in the future, the candidates should be requested to attend an interview and provide a Declaration of Interest to avoid possible conflict of interest while serving.

#### 10.0 Acknowledgement:

The members of the Nominations Committee express sincere thanks and appreciation to the Board of Directors for the opportunity given to serve and to the management and staff for facilitating its work. Further, the Committee commends the members who took the opportunity to tender nominations for the positions advertised and expresses the hope that many more members would avail themselves of this privilege in the future.

Sis. Merlyn St. Bernard  
CHAIRMAN

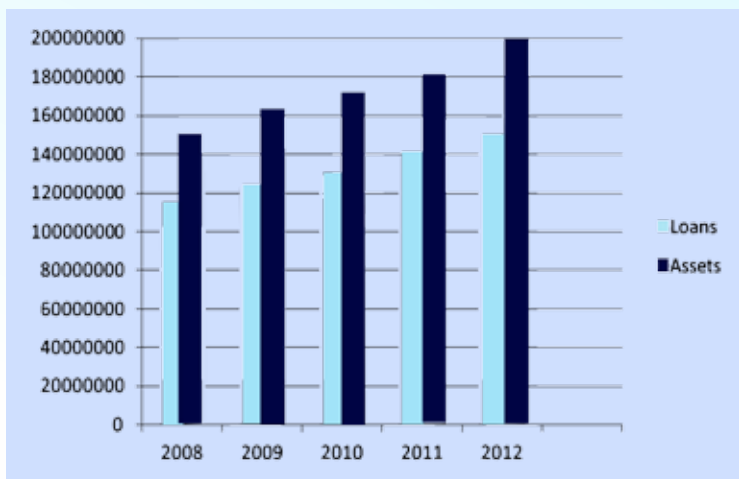


# Treasurer's Report

Fellow Cooperators, I am very pleased to report on the financial performance of the Grenada Public Service Cooperative Credit Union Limited for the financial year ended December 31<sup>st</sup> 2012. To a great extent the performance reflected the same experiences and challenges that our members continued to be faced with in the year under review. One of the most important factors that stood out however, was the confidence that our members placed in our Credit Union and as such amidst the challenges, many positive signs emerged.

The two main challenges that confronted the Credit Union in 2012 were significant competition from other players within the financial space and delinquency. These challenges will shape the strategies that will be employed as we move forward. One of the noticeable positive signs was the increase in liquidity over the year.

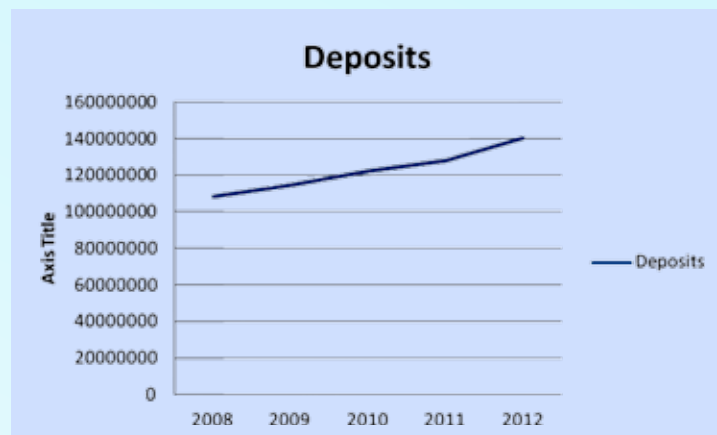
## Assets



Assets grew by 11.07% or \$17.5M. The loans portfolio grew by 6.5% or \$9.1M. Total disbursements amounted to \$36M in 2012 compared with \$39M in 2011. The net loans portfolio stood at \$145.3M at the end of the year compared with \$136.7M in 2011.

Short term investments grew by or 72% or \$6.5M. A deliberate strategy was adopted in 2012 to significantly increase liquidity.

## Deposits



The Credit Union saw marked improvement in deposit growth in 2012, a sign of increasing member confidence. Total Deposits grew by 12.2% or \$15.6M. The deposit portfolio stood at \$143.5M at the end of 2012 compared with \$128M at the end of 2011. Regular Shares grew by 6.9% or \$4.98M. Fixed Deposits and Education Savings Plan grew by 19.9% and 16.5% respectively. Growth in the major deposit areas exceeded the budgeted expectations.

## Surplus

Your Credit Union recorded an operating surplus of \$2.02M during the year under review as compared to \$2.01M in 2011. This performance was very commendable taking into consideration that profit from sale of lands in 2011 was \$249K as against none in 2012.

# Comparative Operating Highlights

	% Change	2012	2011	2010
	2012/2011	\$	\$	\$
<b>Assets</b>				
Net Loans	6.32	145,332,804	136,691,694	126,823,376
Investments	46.25	16,575,286	11,333,407	11,682,276
Development Land	0.3	4,673,129	4,659,317	4,810,395
Fixed Assets	9.72	2,774,459	2,528,729	2,554,090
<b>Liabilities</b>				
Regular Shares	6.9	76,247,301	71,259,230	67,341,420
Other Deposits	18.6	67,267,567	56,694,747	54,670,256
External Credit	-14.9	7,207,665	8,478,560	9,746,690
<b>Capital</b>				
Equity Shares	33.38	5,473,453	4,103,606	3,271,759
<b>Income</b>				
Interest from Loans	7.67	13,586,098	12,618,749	12,153,135
Other Income	-13.16	961,945	1,107,452	1,398,691
<b>Expenditure</b>				
Interest on Deposits	3.84	7,000,063	6,740,953	6,300,031
Other Expenditure	7.07	4,726,611	4,414,425	3,513,490
<b>Surplus/(Deficit)</b>				
Unappropriated surplus/ (deficit) for the year	0.74	2,026,259	2,011,271	-1,697,462
Surplus/(Deficit)	0.74	1,418,381	1,407,890	-1,697,462



## KEY PERFORMANCE INDICATORS

The PEARLS prudential standards set the benchmarks that credit unions should achieve and maintain to ensure viability. The system assesses protection, effective financial structure, asset quality, rate of return on costs, liquidity levels and signs of growth. An evaluation is provided hereunder as to the GPSCCU'S performance against that of a model credit union.

### Protection:

As at December 31<sup>st</sup> 2012 the GPSCCU was fully protected against all delinquent loans that were greater than 12 months. PEARLS require that a provision of 35% be made for all delinquent loans less than 12 months.

### Effective Financial Structure:

The Savings/Total Asset ratio of 81.4% was above the standard range of 70-80% by 1.44%. The Net Loans/ Total Asset ratio of 82.48% was outside of the standard range of 70-80% by 2.48%. The Credit Union's Institutional Capital/Total Assets ratio stood above the standard minimum of 10% at 10.59%.

### Asset Quality:

Using the benchmark of 90 days, the delinquency ratio at year end was 8.25% of the loan portfolio. This was 4.35% more than the delinquency level experienced at December 31<sup>st</sup> 2011. This ratio is outside of the standard. Non-Earning Assets/Total Assets ratio at 5.47% was within the standard.

### Rates of Return and Cost:

The Operating Expenses/ Average Total Assets ratio stood at 2.52% which once again outperformed the standard of 3-10%. Rates of return on investments stood at 5.44% while interest on Savings Deposit/ Average Savings Deposit was at 5.16% at year end.

### Liquidity:

Liquidity determines the ability of the Credit Union to meet its short-term & long-term obligations. The ratio of liquidity Assets less short term payables/total savings stood at 12.46% at the end of year 2012. This has been a marked improvement on the 5.10% at the end of 2011. The PEARLS standard is 15%.

### Signs of Growth:

The Credit Union's total asset growth was 11.07%, loans growth was 6.54% and savings growth was 12.16%. All areas exceeded the PEARLS growth standards. Institutional capital grew by 17.33% in 2012. The total membership increased by 6.78% or 551 for the year 2012 to 8677.







## Conclusion

The Credit Union continued to operate within a challenging economic environment. This impacted operations through increased delinquency and lower than projected growth. Overall performance however has been satisfactory as management continues to keep a tight reign on expenses and to more deliberately manage the quality of the loans portfolio. I once again implore our members to continue to honor their commitments to the Credit Union both in terms of savings and loans and to make the Credit Union their financial institution of choice.

Garvin Roberts  
Treasurer

# Pearls Report



PEARLS Ratios		Goal	Dec-12	Dec-11
<b>P</b>	<b>Protection</b>			
	Provision for Loan Losses /Del>12 Months	<b>100%</b>	100%	100.0%
	Provision for loan losses /Loans del<12 months	<b>35%</b>	36%	36.0%
<b>E</b>	<b>Effective Financial Structure</b>			
	Net Loans/Total Assets	<b>70-80%</b>	82.48%	86.2%
	Savings deposits/total assets	<b>70-80%</b>	81.44%	80.6%
	Institutional Capital /Total Assets	<b>Min 10%</b>	10.59%	10.0%
<b>A</b>	<b>Asset Quality</b>			
	Balance of Del loans >90 /Gross Loan Portfolio	<b>&lt;=5%</b>	8.25%	3.90%
	Non-Earning Assets/Total Assets	<b>&lt;=5%</b>	5.47%	4.6%
<b>R</b>	<b>Rates of Return and Cost ( Annualized)</b>			
	Fin Investment Income/Avg. fin investments	<b>Market Rate 4%</b>	5.44%	6.60%
	Fin costs:savings deposit/average sav deposits	<b>Market Rate 3.5%</b>	5.16%	5.40%
	Fin Costs: External Credit/Average ext. credit	<b>&lt;=5.2% Cost of Savings</b>	7.07%	7.10%
	Operating Expenses/average Total Assets	<b>3-10%</b>	2.52%	2.90%
<b>L</b>	<b>Liquidity</b>			
	Liquid Assets-ST payables/total deposits	<b>Min 15%</b>	12.46%	5.10%
	Liquidity Reserves/total savings deposits	<b>10%</b>	10.87%	8.10%
	Non earning liquid assets/total Assets	<b>&lt;1%</b>	3.89%	2.20%
<b>S</b>	<b>Signs of Growth (annualized Growth Rate)</b>			
	Total Assets	<b>&gt; inflation</b>	11.07%	5.90%
	Loans to Members	<b>5%</b>	6.54%	8.30%
	Savings deposits	<b>5%</b>	12.16%	4.90%
	Institutional Capital	<b>5%</b>	17.33%	22.80%
	Membership	<b>Min 15%</b>	6.78%	5.70%

# Financial Statements

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER, 2012**



## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED

We have audited the accompanying financial statements of the Credit Union which comprise the statement of financial position at 31st December, 2012 and the related statement of comprehensive income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### *Responsibility for the Financial Statements*

Those charged with governance are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Credit Union as of 31st December, 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

GRENADA:

February 21<sup>st</sup>, 2013



Accountants & business advisers:

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**  
**STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2012**

	Notes	2012	2011
<b>EARNING ASSETS</b>			
Members' loans	4	145,332,804	136,691,694
Investment property	5	4,673,129	4,659,317
Loans and receivables financial assets	6	15,595,836	9,062,296
Available-for-sale financial assets	6	<u>979,450</u>	<u>979,450</u>
Total earning assets		<u>166,581,219</u>	<u>151,392,757</u>
<b>NON-EARNING ASSETS</b>			
Property, plant and equipment	7	2,774,459	2,528,729
<b>OTHER ASSETS</b>			
Accounts receivables and prepayments	8	2,494,648	4,481,469
Cash and cash equivalents	9	<u>4,361,849</u>	<u>251,792</u>
Total non-earning assets		<u>9,630,956</u>	<u>7,261,990</u>
<b>TOTAL ASSETS</b>		<u>\$176,212,175</u>	<u>\$158,654,747</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Members' equity shares	10	5,473,453	4,103,606
Statutory reserve	11	7,740,088	7,156,837
Accumulated surplus	12	5,443,929	4,640,893
<b>OTHER FUNDS AND RESERVES</b>			
Development fund	13	101,313	100,564
Education fund	14	50,281	62,012
Education savings plan fund		73,173	51,233
Provident fund		85,289	106,805
LP/LS insurance fund	15	<u>576,840</u>	<u>636,125</u>
Total equity		<u>19,544,366</u>	<u>16,858,075</u>
<b>Non-Current liabilities</b>			
Pension benefit		819,934	550,181
Long-term borrowings	16	<u>6,400,252</u>	<u>7,253,304</u>
		<u>7,220,186</u>	<u>7,803,485</u>
<b>Current Liabilities</b>			
Short-term borrowings	16	807,413	2,679,887
Members' regular shares		76,247,301	71,259,230
Members' deposits	17	67,267,567	56,694,747
Grant fund		43,599	66,844
Non-interest bearing liabilities	18	<u>5,081,743</u>	<u>3,292,479</u>
		<u>149,447,623</u>	<u>133,993,187</u>
<b>TOTAL LIABILITIES</b>		<u>156,667,809</u>	<u>141,796,672</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>\$176,212,175</u>	<u>\$158,654,747</u>

The notes on pages 48 to 71 form an integral part of these financial statements

: Director



: Director



**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER, 2012**

	Notes	2012	2011
<b>INCOME</b>			
Income from loans			
Interest from member loans		13,586,098	12,618,749
Fees and charges		151,255	80,766
Administrative fees		207,693	191,949
Other loan income		-	212,629
Loan protection		<u>(266,355)</u>	<u>(240,083)</u>
Net loan income		<u>13,678,691</u>	<u>12,864,010</u>
Income from liquid investments			
Interest on investment – dated securities		671,033	723,614
Dividends on investments		28,475	30,712
Other investment income		-	249,953
Non-related income		<u>169,544</u>	<u>194,219</u>
Total non-interest income		<u>869,052</u>	<u>1,198,498</u>
Total income		<u>14,547,743</u>	<u>14,062,508</u>
<b>LESS: EXPENSES</b>			
<b>FINANCIAL COST</b>			
Interest expenses on savings		7,000,063	6,740,953
Life savings insurance		200,212	194,064
Other financial cost		<u>594,598</u>	<u>701,795</u>
Total financial cost		<u>7,794,873</u>	<u>7,636,812</u>
<b>Gross Margin</b>		<u>6,752,870</u>	<u>6,425,696</u>
<b>OPERATING EXPENSES</b>			
Personnel expenses		2,035,117	1,747,888
Governance		280,809	277,943
Occupancy expenses		387,404	378,552
Marketing expenses		517,388	381,210
Administration		767,124	666,734
Depreciation		233,650	162,098
Bad debts expense		500,000	800,000
Loss on asset disposal		<u>5,119</u>	<u>-</u>
Total operating expenses		<u>4,726,611</u>	<u>4,414,425</u>
Surplus for the year before appropriation		2,026,259	2,011,271
Appropriations:			
Transfer to: Statutory reserve		506,565	502,818
Development fund		<u>101,313</u>	<u>100,564</u>
Net surplus for the year		<u>\$1,418,381</u>	<u>\$1,407,889</u>

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER, 2012**

	<b>2012</b>	2011
<b>OPERATING ACTIVITIES</b>		
Net surplus for the year	2,026,259	2,011,271
Adjustments for:		
Depreciation	233,650	162,098
Net movements in reserves	(94,470)	(32,596)
Prior year adjustment	<u>(190,128)</u>	<u>-</u>
<b>Cash provided by operating activities before working capital changes</b>	1,975,311	2,140,773
Decrease/(increase) in accounts receivable and prepayments	1,986,821	(1,989,438)
Increase/(decrease) in non-interest bearing liabilities	1,789,264	(247,473)
Increase pension benefit	<u>269,753</u>	<u>105,024</u>
Cash provided by operating activities	<u>6,021,149</u>	<u>8,886</u>
<b>INVESTING ACTIVITIES</b>		
Disposal of equipment	6,134	-
Purchase of property, plant and equipment	(485,514)	(136,737)
(Increase)decrease in investment property	(6,533,540)	151,078
(Increase)/decrease in financial assets	(13,812)	1,326,953
Increase in members' loans	<u>(8,641,110)</u>	<u>(9,868,318)</u>
Cash used in investing activities	<u>(15,667,842)</u>	<u>(8,527,024)</u>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(425,217)	-
Proceeds from borrowings	-	100,000
Repayment of borrowings	(1,270,896)	(1,368,128)
(Decrease)/increase in grant fund	(23,245)	6,043
Increase in members' shares	6,357,918	4,749,656
	<u>10,572,820</u>	<u>2,024,491</u>
Increase in members' deposits	<u>15,211,380</u>	<u>5,512,062</u>
Cash provided by financing activities	<u>5,564,687</u>	<u>(3,006,076)</u>
Increase/(decrease) in cash and cash equivalents	<u>(1,202,838)</u>	<u>1,803,238</u>
Cash and cash equivalents - at the beginning of the year	<u>\$4,361,849</u>	<u>\$(1,202,838)</u>
- at the end of the year		
<b>REPRESENTED BY:</b>		
Cash and cash equivalents	4,361,849	251,792
Bank overdraft	<u>-</u>	<u>(1,454,630)</u>
	<u>\$4,361,849</u>	<u>\$(1,202,838)</u>

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012**

**1. CORPORATE INFORMATION**

The Credit Union was established in 1947 and originally registered in March 1958 under the Co-operative Societies Ordinance as amended by the Co-operative Societies Act No. 8 of 2011 for the purpose of affording members of the Credit Union the opportunity to accumulate savings and to obtain credit for provident or productive purposes at reasonable rates of interest.

The Credit Union employed on average forty (40) persons during the year (2011 – 33).

**2. SIGNIFICANT ACCOUNTING POLICIES**

***(a) Basis of Preparation***

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and are expressed in Eastern Caribbean Currency Dollars. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Credit Union's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in Note 3.

***(b) New Accounting Standards, Amendments and Interpretations***

- (i) There are no new standards, amendments or interpretations that are effective for the first time for the financial year beginning on or after 1st January, 2012 that would be expected to have a material impact on the Credit Union.
- (ii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1st January, 2012 and not early adopted. These either do not apply to the activities of the Credit Union or have no material impact on its financial statements.

IAS 1 Presentation of items of other comprehensive income – Effective for annual periods beginning on or after 1<sup>st</sup> July, 2012.

IAS 12 Income taxes on deferred tax – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2012.

IAS 19 Employee benefits – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2013



**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) *New Accounting Standards, Amendments and Interpretations (continued)***

- |         |   |
|---------|---|
| IAS 27  | Separate financial statements – Effective for annual periods beginning on or after 1 <sup>st</sup> January, 2013.   |
| IAS 28  | Investments in associates and joint ventures – Effective for annual periods beginning on or after 1 <sup>st</sup> January, 2013.  |
| IFRS 1  | First-time adoption for International Financial Reporting Standards – Severe hyperinflation and removal of fixed dates for first-time adopters – Effective for annual periods beginning on or after 1 <sup>st</sup> July, 2011. |
| IFRS 7  | Financial instruments: Disclosures – Effective for annual periods beginning on or after 1 <sup>st</sup> July, 2011.   |
| IFRS 9  | Financial instruments – Classification and measurement – Effective for annual periods beginning on or after 1 <sup>st</sup> January, 2013.  |
| IFRS 10 | Consolidated financial statements- Effective for annual periods beginning on or after 1 <sup>st</sup> January, 2013.  |
| IFRS 11 | Joint arrangements- Effective for annual periods beginning on or after 1 <sup>st</sup> January, 2013.   |
| IFRS 12 | Disclosure of interest in other entities- Effective for annual periods beginning on or after 1 <sup>st</sup> January, 2013.   |
| IFRS 13 | Fair value measurement - Effective for annual periods beginning on or after 1 <sup>st</sup> January, 2013.  |

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (c) *Property, Plant and Equipment*

The Credit Union's assets are stated at cost less accumulated depreciation.

Subsequent costs are included in the assets carrying amounts or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Credit Union and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against the surplus directly in equity; all other decreases are charged to the statement of income.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or re-valued amounts to their residual values over their estimated useful lives. The rates used are as follows:

	Per annum
Buildings	2.5%
Plant and Machinery (ATM)	25%
Motor vehicle	20%
Furniture and equipment	10%
Computers	33%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position 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 amount. These are included in the statement of income. When revalued assets are sold, the amounts included in revaluation surplus are transferred to retained earnings.

### (d) *Financial instruments*

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012**

(continued)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Financial instruments**

*Recognition and measurement*

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date that is the date on which the Credit Union commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

*Financial assets*

The Credit Union classifies its financial assets into the following categories: Loans and receivables and available-for-sale. Management determines the appropriate classification of its financial assets at the time of purchase and re-evaluates this designation at every reporting date.

*Loans and receivables*

Investments classified as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on the active market. They are included in current assets, except for maturities greater than twelve (12) months after the statement of financial position date. These are classified as non-current assets. The Credit Union's loans and receivables comprise of treasury bills, fixed deposits which are stated at cost.

*Available-for-sale*

Investments are classified as available-for-sale as they are intended to be held for an indefinite period. These investments may be sold in response to needs for liquidity or changes in interest rates or equity prices. These investments are carried at fair value, based on quoted market prices where available. However, where a reliable measure is not available, cost is appropriate. The majority of these investments continue to be carried at cost as in almost all cases they are not traded on an active market and methods of reasonable estimation of fair value are unavailable. Where available-for-sale investments are carried at fair value unrealized gains or losses are recognized directly in equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognized in profit or loss. Available-for-sale investments are included in non-current assets unless management intends to dispose of the investment within twelve (12) months of the date of the statement of financial position.

## GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012  
(continued)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*(d) Financial instruments (continued)**Fair Value*

Fair value amounts represent the approximate values at which financial instruments could be exchanged in current transactions between willing parties. However, the Credit Union's financial instruments lack an available trading market and therefore it is not possible to determine independently the estimated fair values. The fair values of the financial instruments are therefore considered to approximate their book value.

*Impairment of financial assets*

The Credit Union assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial assets or group of financial assets is impaired includes observable data that comes to the attention of the Credit Union about the following loss events:

- (i) Significant financial difficulty of the issuer or obligator.
- (ii) A breach of contract, such as default or delinquency in interest or principal payments.
- (iii) It is becoming probable that the borrower will enter in bankruptcy or other financial organization.
- (iv) The disappearance of an active market for that financial asset because of financial difficulties.
- (v) Observable data indicating that there is a measurable decrease in the estimated cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Credit Union or national or economic conditions that correlate with defaults on assets in the Credit Union.

The Credit Union first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Credit Union determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012  
(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(d) Financial Instruments (continued)***

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

(i) Financial assets measured at amortised cost

The difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating). The previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the statement of comprehensive income.

*Financial Liabilities*

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished that is when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the statement of comprehensive income.

***(e) Foreign Currencies***

Foreign currency transactions during the year have been effected at the rates of exchange ruling at the dates of the transactions. All revenue and expenditure transactions denominated in foreign currencies are translated at mid-exchange rates and the resulting profits and losses on exchange from these trading activities are dealt with in the statement of comprehensive income.

***(f) Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from the estimates and assumptions used.

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012**

*(continued)*

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***(g) Provision for loan losses***

Allowance for doubtful loans are based on the requirements of the Co-operative Societies Act - 2011 and the PEARLS Standards which recommends that delinquent loans less than three hundred and sixty-five (365) days in arrears are provided for to the extent of 35% while those in excess of that period are provided for in full. In considering the net exposure to delinquent loans, the Board of Directors has approved the recognition of the receivable values of securities held. This approach is in keeping with International Accounting Standards (IAS 36).

***(h) Cash and Cash Equivalents***

For the purposes of the cash flow statements, cash and cash equivalents comprises of cash on hand and at bank and short – term fixed deposits within original maturity of three months or less.

***(i) Dividends***

Dividends that are proposed and declared during the period are accounted for as an appropriation of retained earnings in the statement of changes in equity.

Dividends that are proposed and declared after the statement of financial position date are not shown as a liability on the statement of financial position but are disclosed as a note to the financial statements.

***(j) Employee Benefits***

The Credit Union operates a defined contribution pension plan. The Credit Union pays fixed contribution into the fund and has no legal or constructive obligation to pay further contributions. The Credit Union's contribution is recorded as an expense in the statement of comprehensive income.

***(k) Investment Property***

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property of the Credit Union comprises of land situated at Morne Jaloux, La Borie and Grand Anse, St. George's held for long-term yields. Investment property is treated as a long-term investment and is carried at cost.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Credit Union's reported assets, liabilities, revenues and expenses. The items that may have the most effect on the financial statements are set out below.

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012**

(continued)

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Valuation of property*

The Credit Union utilizes professional valuers to determine the fair value of its properties. Valuations are determined through the application of a variety of different valuation methods which are all sensitive to the underlying assumptions chosen.

*Impairment of loans*

Provision is made for doubtful debts based on the specific identification of doubtful balances. As debts become uncollectible they are written off against the provision.

*Fair value of available-for-sale investments*

The fair values of financial instruments that are not quoted in active markets are determined using the last traded value for the investment. Where no such value exist the investment is carried at cost.

**4. MEMBERS' LOANS**

	<b>2012</b>	2011
General loans	148,890,170	139,749,060
Less: allowance for doubtful loans	<u>3,557,366</u>	<u>3,057,366</u>
	<u>\$145,332,804</u>	<u>\$136,691,694</u>

**5. INVESTMENT PROPERTY**

Land at cost – 1 <sup>st</sup> January, 2012	4,659,317	4,810,395
Additions during the year	13,812	3,816
Disposals	<u>-</u>	<u>(154,894)</u>
Balance at 31 <sup>st</sup> December, 2012	<u>\$4,673,129</u>	<u>\$4,659,317</u>

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012**

(continued)

6. FINANCIAL ASSETS	2012	2011
<b>Loans and Receivables</b>		
Bank of St. Lucia – Fixed rate note	848,000	-
Grenada Co-operative Bank Limited - Fixed deposit	2,597,256	1,047,500
RBTT Bank Grenada Limited – Fixed deposit	500,000	-
Flexible premium annuity	1,509,712	1,509,712
Government of Grenada - Treasury bills	2,921,360	2,911,707
Government of St. Lucia - Treasury bills	1,942,725	800,000
Government of Antigua & Barbuda – Treasury bills	499,290	-
Government of St. Vincent – Treasury bills	788,392	-
Grenada Co-operative League Limited - Fixed deposit	682,278	647,408
- Deposit account	57,571	55,894
Caribbean Money Market Brokers Limited	407,958	388,532
Grenada Union of Teachers Credit Union - Fixed deposit	2,536,006	2,380,005
Communal Co-operative Credit Union Ltd - Fixed deposit	1,815,000	300,000
Bank of St. Lucia – Fixed deposit	<u>-</u>	<u>531,250</u>
	17,105,548	10,572,008
Less: Provision for impairment	<u>1,509,712</u>	<u>1,509,712</u>
	<u>\$15,595,836</u>	<u>\$9,062,296</u>
 <b>Available - for - Sale</b>		
East Caribbean Cooperative Central Limited		
- 5,000 shares of \$100 each	50,000	50,000
Grenca Investments Limited		
- 40,000 ordinary shares of \$2.50	100,000	100,000
Grenada Co-operative League Limited		
- 11,717 ordinary shares of \$5.00 each	76,095	76,095
East Caribbean Home Mortgage Bank		
- 194 shares of \$100 each	19,400	19,400
- 625 shares of \$160 each	100,000	100,000
- 1,560 shares of \$160 each	249,600	249,600
East Caribbean Home Mortgage Bank – debenture	50,000	50,000
Grenada Co-operative Bank Limited		
- 47,765 shares of \$7.00 each	<u>334,355</u>	<u>334,355</u>
	<u>\$979,450</u>	<u>\$979,450</u>



**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012**

(continued)

7. PROPRERTY, PLANT AND EQUIPMENT	Work-in-Progress	Freehold land and Building	Furniture, Fixtures and Equipment	Computer Equipment and Software	Automatic Teller Machine	Motor Vehicles	Leasehold Improvement	Total
<b>For year ended 31<sup>st</sup> December, 2011</b>								
Opening book value								
Cost	19,175	2,138,374	166,246	145,093	1	56,667	28,534	2,554,090
Additions for the year	11,100	1,750	66,273	57,614	-	-	-	136,737
Depreciation charge for year	-	(34,429)	(31,290)	(59,626)	-	(20,000)	(16,753)	(162,098)
<b>NET BOOK VALUE</b>	<u>30,275</u>	<u>2,105,695</u>	<u>201,229</u>	<u>143,081</u>	<u>1</u>	<u>36,667</u>	<u>11,781</u>	<u>2,528,729</u>
Balance at 1 <sup>st</sup> January, 2011	30,275	2,431,045	449,941	614,067	612,181	100,000	83,762	4,321,271
Accumulated depreciation	-	(325,350)	(248,712)	(470,986)	(612,180)	(63,333)	(71,981)	(1,792,542)
<b>NET BOOK VALUE</b>	<u>\$30,275</u>	<u>\$2,105,695</u>	<u>\$201,229</u>	<u>\$143,081</u>	<u>\$ 1</u>	<u>\$36,667</u>	<u>\$11,781</u>	<u>\$2,528,729</u>
<b>For year ended 31<sup>st</sup> December, 2012</b>								
Opening book value								
Cost	30,275	2,105,695	201,229	143,081	1	36,667	11,781	2,528,729
Additions for the year	-	-	115,530	171,592	-	-	198,392	485,514
Disposal during the year	-	-	(5,119)	(1,015)	-	-	-	(6,134)
Depreciation charge for year	-	(34,428)	(37,476)	(106,244)	-	(20,000)	(35,502)	(233,650)
<b>NET BOOK VALUE</b>	<u>30,275</u>	<u>2,071,267</u>	<u>274,164</u>	<u>207,414</u>	<u>1</u>	<u>16,667</u>	<u>174,671</u>	<u>2,774,459</u>
Balance at 1 <sup>st</sup> January, 2012	30,275	2,431,045	560,352	784,644	612,181	100,000	282,154	4,800,651
Accumulated depreciation	-	(359,778)	(281,188)	(577,230)	(612,180)	(83,333)	(107,483)	2,026,192
<b>NET BOOK VALUE</b>	<u>\$30,275</u>	<u>\$2,071,261</u>	<u>\$274,164</u>	<u>\$207,414</u>	<u>\$ 1</u>	<u>\$16,667</u>	<u>\$174,671</u>	<u>\$2,744,459</u>

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 31ST DECEMBER, 2012**

(continued)

8. ACCOUNTS RECEIVABLE AND PREPAYMENTS	2012	2011
Antigua and Barbuda Airport Authority	-	1,292,661
Due from Grenada Co-operative Bank Limited – ATM	269,869	178,721
Grenada Co-operative League Limited	124,274	186,410
Other accounts receivable	18,928	347,809
Interest receivable	337,452	285,531
Prepaid expenses	26,575	83,134
ECHMB Mortgage sale advance	177,487	570,194
Government payroll receivable	863,621	991,374
Members overdraft accounts	676,442	545,635
British American Insurance Company Limited		
- Corporate savings contracts – net	<u>3,182,624</u>	<u>3,182,624</u>
	5,677,272	7,664,093
Less: Provision for impairment	<u>3,182,624</u>	<u>3,182,624</u>
	<u>\$2,494,648</u>	<u>\$4,481,469</u>

The amount due from British American Insurance Company Limited has been provided for in full as there is considerable doubt as to its recovery.

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9. CASH AND CASH EQUIVALENTS		
Cash on hand	445,577	185,651
RBTT Bank Grenada Limited		
- Current account	3,659,495	-
Grenada Co-operative Bank Limited		
- Current account (i)	50,000	50,000
- Current account (ii)	206,777	15,677
- Current account (iii)	<u>          -</u>	<u>      464</u>
	4,361,849	251,792
Bank overdraft	<u>          -</u>	<u>(1,454,631)</u>
Cash and cash equivalents in the statement of cash flows	<u>\$4,361,849</u>	<u>\$(1,202,839)</u>

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012  
(continued)**

**10. EQUITY SHARES**

These shares are of a nominal value of \$20.00 when fully paid up. Each member is required to own ten (10) shares of \$20.00 each. A minimum of \$5.00 can be paid towards the acquisition of shares.

**11. STATUTORY RESERVE**

	2012	2011
Balance at 1st January, 2012	7,156,837	6,446,362
Add: Loan written off	65,626	-
Transfer from St. Patrick's Credit Union	-	9,222
Entrance fees	11,060	9,200
Transfer from education fund	-	102,000
Allocation for the year - 25% of surplus	506,565	502,818
Bad debts recovered	-	87,235
<b>Balance at 31<sup>st</sup> December, 2012</b>	<b><u>\$7,740,088</u></b>	<b><u>\$7,156,837</u></b>

In accordance with Section 125 (4) of the Cooperative Societies Act No.8 of 2011, at least 20% of the surplus for the year shall be transferred to the Reserve Fund.

**12. STATEMENT OF CHANGES IN MEMBERS' EQUITY**

Accumulated surplus at 1 <sup>st</sup> January, 2011	3,233,004	5,339,582
2011-net surplus/(deficit) for the year	2,011,271	(1,697,462)
Transfer deficit to reserves and funds	(603,382)	-
Rebate paid	-	(405,707)
Loans written off	-	(3,409)
Balance at December 31 <sup>st</sup> , 2011	4,640,893	3,233,004
2012-net surplus/(deficit) for the year	2,026,259	2,011,271
Transfer to reserves and funds	(607,878)	(603,382)
Dividends paid	(425,217)	-
Loss on investment	(190,128)	-
<b>Balance at 31<sup>st</sup> December, 2012</b>	<b><u>\$5,443,929</u></b>	<b><u>\$4,640,893</u></b>

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012**

(continued)

13. DEVELOPMENT FUND	2012	2011
Balance at 1 <sup>st</sup> January, 2012	100,564	-
Add: Allocation for year	<u>101,313</u>	<u>100,564</u>
	201,877	100,564
Less: Remittance to Grenada Co-operative League Limited	<u>100,564</u>	<u>-</u>
<b>Balance at 31<sup>st</sup> December, 2012</b>	<b><u>\$101,313</u></b>	<b><u>\$100,564</u></b>

The above fund is payable to The Grenada Co-operative League Limited and is made in accordance with Section 126 of the Cooperative Societies Act No. 8 of 2011.

14. EDUCATION FUND		
Balance at 1 <sup>st</sup> January, 2012	62,012	165,812
Add: Interest	<u>56</u>	<u>-</u>
	62,068	165,812
Less: Adjustment		
Expenses for the year	(11,787)	(1,800)
Transfer to statutory reserve	<u>-</u>	<u>(102,000)</u>
<b>Balance at 31<sup>st</sup> December, 2012</b>	<b><u>\$50,281</u></b>	<b><u>\$62,012</u></b>

15. LP/LS INSURANCE FUND		
Balance at 1 <sup>st</sup> January, 2012	636,125	789,768
Contribution during the year	<u>466,710</u>	<u>434,146</u>
	1,102,835	1,223,914
Less: Settlement during the year	<u>525,995</u>	<u>587,789</u>
<b>Balance at 31<sup>st</sup> December, 2012</b>	<b><u>\$576,840</u></b>	<b><u>\$636,125</u></b>

GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012  
(continued)

16. **BORROWINGS**

	2012	2011
<b>Long-term</b>		
RBTT Bank (Grenada) Limited		
(a)	-	474,162
(b)	1,750,740	1,940,824
	5,306,925	5,913,575
National Insurance Scheme	<u>150,000</u>	<u>150,000</u>
Grenada Ports Authority	7,207,665	8,478,561
	<u>807,413</u>	<u>1,225,257</u>
Less: Current portion	<u>6,400,252</u>	<u>7,253,304</u>
<b>Short-term</b>		
	207,065	665,103
Borrowings - RBTT Bank Grenada Limited - current portion	600,348	560,154
- National Insurance Scheme - current portion	-	<u>1,454,630</u>
Bank overdraft - RBTT Bank Grenada Limited	<u>807,413</u>	<u>2,679,887</u>
Total Borrowings	<u>\$7,207,665</u>	<u>\$9,933,191</u>

RBTT Bank (Grenada) Limited:

Loan (a) was repaid during the year.

Loan (b) is repayable over twelve (12) years in monthly instalments of \$28,273.65.

The loan bears interest at the rate of 8% per annum and is secured by a registered first demand mortgage over 4,300 sq. ft. of land with commercial building thereon situated at Church Street, and 42,729 sq. ft. land at Grand Anse, St. George's.

National Insurance Scheme:

The loan is repayable over ten (10) years in monthly instalments of \$79,696.61 which bears interest at the rate of 7% per annum and is secured by a first fixed charge by way of legal mortgage on freehold property at Mt. Airy and Morne Jaloux in the parish of St. George.

Grenada Ports Authority:

This loan is to be repaid in full on or before the fifth anniversary of the agreement and bears interest at the rate of 2% per annum. The full amount of the loan to be disbursed is \$200,000.00. At the end of the financial year, the amount of \$150,000.00 has been drawn down.

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012**

(continued)

17. MEMBERS' DEPOSITS	2012	2011
Term deposits	45,624,829	38,037,364
Special savings	12,234,742	10,475,041
Education savings plan	7,436,597	6,385,150
Insurance and retirement savings	1,719,923	1,593,205
Group life savings plan	202,158	202,782
Excel savings	24,293	-
Other deposits	<u>25,025</u>	<u>1,205</u>
	<u>\$67,267,567</u>	<u>\$56,694,747</u>

18. NON-INTEREST BEARING LIABILITIES		
Interest payable	2,278,555	2,481,896
Sundry creditors and accruals	553,556	323,592
Other accounts payable	1,349,442	486,991
Due to ECHMB - Mortgages	<u>900,190</u>	<u>-</u>
	<u>\$5,081,743</u>	<u>\$3,292,479</u>

**19. FINANCIAL RISK MANAGEMENT**

The Credit Union's activities expose it to the following risk from the use of financial instruments:

- Credit risk
- Liquidity risk
- Currency risk
- Interest rate risk
- Operational risk

***Risk management structure***

The Board of Directors defines the overall risk profile of the Credit Union by approving its policies and guidelines, maximum limits for exposure as well as for individual loans. The credit and finance department is responsible for managing the risks assumed through their operations and for ensuring that an adequate return for the risks taken is achieved. The Credit Union's policies are established to identify and analyse the risks faced by the Credit Union. An environment of proper controls is continually pursued through a system of training, management standard and procedures so as to ensure that all employees understand their roles and obligations.

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012  
(continued)**

**19. FINANCIAL RISK MANAGEMENT (continued)**

***Risk management structure (continued)***

A Credit Committee and Supervisory Committee are appointed at each Annual General Meeting. The risk management duties of the Credit Committee are focused on credit risk in the Credit Union's lending operations and the Supervisory Committee deals with operational risk profile of the Credit Union. The Management Committee acting with the authority delegated by the Board has the overall responsibility for risk management on a day to day basis. The Board has also appointed key committees such as, Policy Review Committee, Investment Committee, and Audit Committee to mitigate certain operational risks.

***Credit Risk:***

Credit risk is the risk of financial loss to the Credit Union if a member or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Credit Union's loans to members and from its investments. The Credit Union's maximum exposure to risk is the carrying amount of the financial assets.

Concentration of credit risk exists if a number of clients are engaged in similar activities or are located in the same industry sector or have similar economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the credit union's performance to developments affecting a particular industry or geographical location.

***Management of Credit Risk***

The Board of Directors through the Management and Credit Committee are responsible for the oversight of the Credit Union's credit risk. Some of the key responsibilities are as follows:

- Formulating credit policies, establishing collateral requirements, credit assessment, establishing documentation and legal procedures and implementing procedures to ensure compliance requirements.
- Establishment of authorization structure for loan approvals.
- Reviewing and assessing credit risk.

**i) Members' loans**

Exposure to credit risk is managed through regular analysis of the ability of borrowers to settle outstanding balances and meet repayment obligations, and by changing lending limits when appropriate.

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 31ST DECEMBER, 2012**

(continued)

**19. FINANCIAL RISK MANAGEMENT**

*Management of Credit Risk (continued)*

ii) Other financial assets

With respect to credit risk arising from the other financial assets of the Credit Union, which comprise cash and cash equivalents and investments, the Credit Union's exposure to credit risk arises from default of the counter-party. The Credit Union seeks to hold its funds with financial institutions which management regards as strong. Also the market for investments are monitored regularly to ensure that returns are guaranteed.

*Exposure to credit risk*

The Credit Union's maximum exposure to credit risk before collateral held or other credit enhancement is as follows:

	Maximum exposure	
	2012	2011
Members' loans	145,332,804	136,691,694
Loans and receivables financial assets	15,595,836	9,062,296
Available-for-sale financial assets	979,450	979,450
Accounts receivables and prepayments	2,494,648	4,481,469
Cash and cash equivalents	<u>4,361,849</u>	<u>251,792</u>
	<u>\$168,764,587</u>	<u>\$151,466,701</u>



**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012**

(continued)

**19. RISK MANAGEMENT (continued)**

*Analysis on concentration of credit risk:*

	Members' Loans	Loans and Receivables Financial Assets	Available-for-Sale financial Assets	Accounts Receivable and Prepayments	Cash and Cash Equivalents	Total
<b>Balance at 31<sup>st</sup> December, 2012</b>						
Agriculture	559,216	-	-	-	-	559,216
Small business	3,153,390	-	-	-	-	3,153,390
Mortgages	91,376,449	-	-	-	-	91,376,449
Personal	53,801,115	-	-	-	-	53,801,115
Finance	-	15,595,836	979,450	2,494,648	4,361,849	23,431,783
	148,890,170	15,595,836	979,450	2,494,648	4,361,849	172,321,953
Allowance for doubtful loans	(3,557,366)	-	-	-	-	(3,557,366)
	<u>\$145,332,804</u>	<u>\$15,595,836</u>	<u>\$979,450</u>	<u>\$2,494,648</u>	<u>\$4,361,849</u>	<u>\$168,764,587</u>

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012  
(continued)**

**19. RISK MANAGEMENT (continued)**

	Members' Loans	Loans and Receivables Financial Assets	Available-for- Sale financial Assets	Accounts Receivable and Prepayments	Cash and Cash Equivalents	Total
<b>Balance at 31<sup>st</sup> December, 2011</b>						
Agriculture	449,717	-	-	-	-	449,717
Small business	3,048,397	-	-	-	-	3,048,397
Mortgages	88,376,779	-	-	-	-	88,376,779
Personal	47,874,167	-	-	-	-	47,874,167
Finance	<u>-</u>	<u>9,062,296</u>	<u>979,450</u>	<u>4,481,469</u>	<u>251,792</u>	<u>14,775,007</u>
Allowance for doubtful loans	139,749,060 <u>(3,057,366)</u>	9,062,296 <u>-</u>	979,450 <u>-</u>	4,481,469 <u>-</u>	251,792 <u>-</u>	154,524,067 <u>( 3,057,366)</u>
	<u>\$136,691,694</u>	<u>\$9,062,296</u>	<u>\$979,450</u>	<u>\$4,481,469</u>	<u>\$251,792</u>	<u>\$151,466,701</u>

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012  
(continued)**

**19. FINANCIAL RISK MANAGEMENT (continued)**

**Analysis of members' loans past due and not impaired:**

	Neither past due nor impaired	Past due and not impaired			
		1-3 months	3-6 months	6-12 months	Total
	\$	\$	\$	\$	\$
2012	<u>140,452,827</u>	<u>4,879,977</u>	<u>-----</u>	<u>-----</u>	<u>145,332,804</u>
2011	<u>133,904,439</u>	<u>2,787,255</u>	<u>-----</u>	<u>-----</u>	<u>136,691,694</u>

**Analysis of individually impaired financial assets:**

	Carrying Value	Provision	Net book value	
			2012	2011
	\$	\$	\$	\$
Members' loans	<u>14,879,458</u>	<u>3,557,366</u>	<u>11,322,092</u>	<u>7,993,612</u>
Loans and receivables financial assets	<u>1,509,712</u>	<u>1,509,712</u>	<u>-----</u>	<u>-----</u>
Accounts receivable and prepayments	<u>3,182,624</u>	<u>3,182,624</u>	<u>-----</u>	<u>-----</u>

***Provision for loan losses***

Allowance for doubtful loans are based on the requirements of the Co-operative Societies Act - 1996 and the PEARLS Standards which recommends that delinquent loans less than three hundred and sixty-five (365) days in arrears are provided for to the extent of 35% while those in excess of that period are provided for in full. This relates to loans which have no "property" as security. For loans that are secured by property a forced sale value of 70% of the market value is taken into consideration. Therefore if the 70% of forced sale value is greater or equal to 110% of the loan balance no provision is made. However, if the forced sale value is less than 110% of the loan balance for arrears between 61-365 days and over 365 days provision is made for the difference between the loan balance and the forced sale value.

## GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012  
(continued)

## 19. FINANCIAL RISK MANAGEMENT (continued)

*Write off Policy*

The Credit Union writes off a loan when it determines that the loan is uncollectible after considering information such as the occurrence of significant changes in the borrower's financial position and the borrower can no longer meet the obligation, and that proceeds from collateral will not be sufficient to recover the entire exposure.

*Collateral*

The Credit Union employs the use of collateral as a risk mitigation tool hence maintaining its credit risk exposure within acceptable levels. The Credit Union holds collateral against loans in the form of registered mortgages over property, bill of sales on motor vehicles and other assets, liens or deposit on shares, guarantees and promissory notes. Estimates of fair value are based on the value of the collateral at the time of borrowing and are generally not updated except when a loan is individually assessed as impaired.

The Credit Union has the right to dispose of repossessed properties the proceeds of which are used to repay the outstanding loan balances.

*Liquidity Risk:*

Liquidity risk is the risk that the Credit Union will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

*Management of liquidity risk*

The Credit Union's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Credit Union's reputation. Liquidity management is primarily designed to ensure that funding requirement of the Credit Union can be met or to satisfy the demands of customers for additional borrowings.

The primary source of funds for the Credit Union is from members' deposits. Additional funds were sourced through credit facilities at National Insurance Scheme (NIS) and RBTT Bank (Gda) Ltd. The Credit Union has also procured funds via the sale of mortgages to the Eastern Caribbean Home Mortgage Bank (ECHMB). These loans are sold with recourse and will have to be repurchased by the Credit Union in the event of default.

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012**

(continued)

**19. FINANCIAL RISK MANAGEMENT (continued)**

*Exposure to liquidity risk*

The table below shows a maturity profile of the Credit Union's financial liabilities.

	On Demand	Up to 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities					
Members' deposits	67,267,567	-	-	-	67,267,567
Members' regular shares	30,303,703	5,268,795	19,408,862	21,265,941	76,247,301
Borrowings	-	810,915	5,064,095	1,332,655	7,207,665
Non-interest bearing liabilities	<u>1,113,870</u>	<u>766,302</u>	<u>2,564,851</u>	<u>636,720</u>	<u>5,081,743</u>
Balance at 31 <sup>st</sup> December, 2012	<u>\$98,685,140</u>	<u>\$6,846,012</u>	<u>\$27,037,808</u>	<u>\$23,235,316</u>	<u>\$155,804,276</u>

	On Demand	Up to 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities					
Members' deposits	56,694,747	-	-	-	56,694,747
Members' regular shares	28,545,584	4,800,416	17,456,283	20,456,947	71,259,230
Borrowings	-	2,679,888	4,484,862	2,768,442	9,933,192
Non-interest bearing liabilities	<u>405,715</u>	<u>1,905,898</u>	<u>980,866</u>	<u>-</u>	<u>3,292,479</u>
Balance at 31 <sup>st</sup> December, 2011	<u>\$85,646,046</u>	<u>\$9,386,202</u>	<u>\$22,922,011</u>	<u>\$23,225,389</u>	<u>\$141,179,648</u>

***Currency Risk:***

Currency risk is the risk that the value of future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The Credit Union operates primarily in Eastern Caribbean Currency and is therefore not subject to significant foreign currency risk. However, some of the Credit Union's transactions are in United States dollars but as the Eastern Caribbean Dollar is fixed to the United States Dollar, there is no significant currency risk exposure.

***Interest Rate Risk:***

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

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012  
(continued)**

**19. FINANCIAL RISK MANAGEMENT (continued)**

*Exposure to interest rate risk*

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

*Management of interest rate risk*

The Credit Union's exposure to interest rate risk is managed through the matching of funding products with financial services and monitoring market conditions and yields.

*Operational Risk:*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of good corporate behaviour. Operational risks arise from all of the Credit Union's operations. 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 senior management. This responsibility is supported by the development of overall Credit Union standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Risk mitigation, including insurance where this is effective

**GRENADA PUBLIC SERVICE (CO-OPERATIVE) CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2012  
(continued)**

**20. INCOME TAX**

The Credit Union is exempt from the payment of Income Tax under Section 25(P) of the Income Tax Act 1994.

**21. COMMITMENT**

As at the statement of financial position date un-disbursed loans committed amounted to approximately \$2.8 million.

**22. BOARD COMMITTEE AND MANAGEMENT PERSONNEL**

At year end the following facilities were held by Board and Committee members and senior members of staff of the Credit Union.

	<b>2012</b>	2011
Loans	3,928,251	2,880,389
Less: Deposits	<u>1,225,033</u>	<u>948,036</u>
	<u>\$2,703,218</u>	<u>\$1,932,353</u>

**23. PRIOR YEAR ADJUSTMENT**

Interest receivable written off	<u>\$190,128</u>	\$ _____ -
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# Budgeted Statement of Financial Position for year ended 2013 and 2014

	Actual 2011	Actual 2012	Budget 2013	Budget 2014
<b>Earning Assets</b>				
Gross Loans	139,749,060	148,890,170	167,139,187	183,599,187
Less: Provision for loan bad debts	(3,057,366)	(3,557,366)	(4,057,366)	(4,557,366)
<b>Net loans</b>	<b>136,691,694</b>	<b>145,332,804</b>	<b>163,081,821</b>	<b>179,041,821</b>
Short Term Investments	10,354,957	15,595,836	22,105,375	29,377,534
Long Term Investments	979,450	979,450	1,229,450	1,229,450
Development Lands	4,659,317	4,673,129	4,673,129	4,673,129
<b>Total Earning Assets</b>	<b>152,685,418</b>	<b>166,581,219</b>	<b>191,089,775</b>	<b>214,321,934</b>
<b>Non Earning Assets</b>				
Fixed Assets	2,528,729	2,774,459	5,106,585	4,858,096
Other Assets	-	-	-	-
Receivables & prepayments	3,188,808	2,494,648	1,794,648	2,031,174
Cash on Hand & in Bank	251,792	4,361,849	(2,535)	824,138
<b>Total Non-Earning Assets</b>	<b>5,969,329</b>	<b>9,630,956</b>	<b>6,898,698</b>	<b>7,713,408</b>
<b>Total Assets</b>	<b>158,654,747</b>	<b>176,212,175</b>	<b>197,988,473</b>	<b>222,035,343</b>
<b>Liabilities</b>				
Members' Regular Shares	71,259,230	76,247,301	83,043,343	90,448,111
Savings	56,694,747	67,267,567	77,868,732	91,231,083
External Credit	9,933,192	7,207,665	6,246,751	5,375,001
Bank Overdraft	-	-	-	-
Grant funds	66,844	43,599	43,599	43,599
Non Interest Bearing Liabilities	3,292,479	5,081,743	6,381,743	6,381,743
Staff pension benefit	550,181	819,934	1,089,934	1,359,934
<b>Total Liabilities</b>	<b>141,796,673</b>	<b>156,667,809</b>	<b>174,674,102</b>	<b>194,839,471</b>
<b>Capital</b>				
<b>Institutional Capital</b>				
Members' Equity Shares	4,103,605	5,473,453	7,246,148	8,746,148
Statutory Reserve	7,156,836	7,740,088	7,740,088	8,397,075
Accumulated Surplus	4,640,894	5,443,929	4,865,069	5,942,017
Earnings for Current Year	-	-	2,627,948	3,144,571
<b>Total Institutional Capital</b>	<b>15,901,335</b>	<b>18,657,470</b>	<b>22,479,253</b>	<b>26,229,811</b>
<b>Other Funds &amp; Reserves</b>				
Development Fund Reserve	100,564	101,313	101,313	232,710
Education of Members Reserve	62,012	50,281	40,281	30,281
Education Savings Plan Fund	51,233	73,173	78,173	83,173
LP/LS Insurance Fund	636,125	576,840	560,063	594,608
Provident Fund	106,805	85,289	55,289	25,289
<b>Total Capital</b>	<b>16,858,074</b>	<b>19,544,366</b>	<b>23,314,371</b>	<b>27,195,872</b>
<b>Total Liabilities &amp; Capital</b>	<b>158,654,747</b>	<b>176,212,175</b>	<b>197,988,473</b>	<b>222,035,343</b>





# Budgeted Statement of Comprehensive Income as at December 31st 2013 and 2014

	Actual 2011	Actual 2012	Budget 2013	Budget 2014
<b>Income</b>				
Net Loan Income	12,864,010	13,470,999	15,199,424	16,390,306
Non-Interest Income	1,198,498	1,087,631	1,415,211	1,656,665
<b>Total Income</b>	<b>14,062,508</b>	<b>14,558,630</b>	<b>16,614,635</b>	<b>18,046,971</b>
Financial Cost	7,636,812	7,794,873	8,575,871	9,320,651
<b>Gross Margin</b>	<b>6,425,696</b>	<b>6,763,757</b>	<b>8,038,763</b>	<b>8,726,320</b>
<b>Operating Expenses</b>				
Personnel Expenses	1,770,942	2,001,365	2,306,042	2,419,609
Member Interest Protection	277,943	280,809	325,000	330,000
Marketing Expenses	643,680	539,341	650,000	650,000
General & Admin Expenses	1,022,232	1,175,629	1,266,900	1,323,650
Depreciation	162,098	239,026	362,874	358,490
<b>Total Operating Expenses</b>	<b>3,614,425</b>	<b>4,236,170</b>	<b>4,910,816</b>	<b>5,081,749</b>
Provision for Risk Assets	800,000	500,000	500,000	500,000
<b>Total Expenses</b>	<b>4,414,425</b>	<b>4,736,170</b>	<b>5,410,816</b>	<b>5,581,749</b>
<b>Surplus Before Appropriation</b>	<b>2,011,271</b>	<b>2,027,587</b>	<b>2,627,948</b>	<b>3,144,571</b>

# Capital Budget 2013-2014

<b>Capital Budget</b>	<b>2013</b>	<b>2014</b>
IT	130,000	50,000
Furniture and Equipment	80,000	20,000
Building	30,000	30,000
ATM	80,000	-
Motor Vehicle	130,000	-
Leasehold Improvements	60,000	-
	<b>510,000</b>	<b>100,000</b>



# Resolutions

## 1. ALLOCATION OF SURPLUS

WHEREAS the Credit Union paid interest of 5% on Regular Shares amounting to **\$3,647,616** to its Members during 2012

And WHEREAS the Board has approved a further payment in the form of LOAN INTEREST REBATE of 2% amounting to \$306,165 which will to be paid to members within one week of the AGM

And WHEREAS the Credit Union earned a surplus of \$2,026,259 for the year ended December 31<sup>st</sup> 2012 and a balance of \$1,418,381 remains unallocated after making the required Statutory and other allocations for the year

AND WHEREAS the highest rate of dividends on Equity Shares allowable under the Co-operative Society's Act and Regulations is 6%

BE IT RESOLVED

That a dividend payment on EQUITY SHARES of 6% amounting to \$272,694 be paid to Members.

## 2. APPOINTMENT OF AUDITORS - 2012

WHEREAS the Annual General Meeting of 1999 approved the firm of Pannell Kerr Forster as the Credit Union's Auditor and the firm has been providing auditing services to the Credit Union since that date

AND WHEREAS the firm continues to provide satisfactory service to the Credit Union

BE IT RESOLVED that the firm of Pannell Kerr Forster be appointed as the Credit Union's auditors for the year 2012.

### 3 APPROVAL OF BUDGET

WHEREAS it is required under the Credit Union's By-laws (section 37(2h) that the budget be approved by the Annual General Meeting

AND WHEREAS this budget is presented for the consideration of the meeting on pages 72-74 of the Annual Report and is highlighted as follows:

	2013	2014
Total Assets	\$198.0M	\$222.0M
Net Loans	163.1M	179.0M
Total Income	16.6M	18.0M
Total Expenses	14.0M	14.9M
Surplus	2.6M	3.1M
Capital Expenditures	510K	100K

BE IT RESOLVED that the budget, as presented, is approved.

### 4 DISTRIBUTION OF ELECTRONIC AGM REPORTS

WHEREAS it has been the practice of the Credit Union to distribute AGM reports to its members prior to the AGM.

AND WHEREAS the cost of printing these reports has increased significantly over the years.

AND WHEREAS the growth in the Credit Union's membership is above international standards

AND WHEREAS the Credit Union continues to look at ways of becoming more cost efficient without compromising its service

BE IT RESOLVED that the Credit Union distributes its AGM reports in CD format to its members while printing a limited number of copies for members to be distributed as per members' request.





# Minutes of AGM 2012

## Minutes of the 65<sup>th</sup> Annual General Meeting of the Grenada Public Service Co-operative Credit Union

Held on Thursday 14<sup>th</sup> June 2012  
At the Trade Centre, Grande Anse St. George's

### AGM12/01 Call to Order and Welcome

The meeting began at 2:38 pm with the Credit Union prayer led by Bro. Francis Balwant.

President Bro. Phillip Telesford welcomed everyone to the 65<sup>th</sup> Annual General Meeting.

A moment of silence was observed in respect of all deceased members for the period. The list of transitions was altered to include Bro. Michael George and Sis. Phyllis Oliver, who had recently passed.

Excuses for absences were given on behalf of the following members: Sir. Reginald Palmer, Sir. Daniel Williams, Sis. Allison Miller, Sis. Arlene Buckmire-Outram and Bro. John Auguste.

### AGM12/02 President's welcome

The President, Bro. Phillip Telesford, reflected on the active 2011 financial year, which was one of recovery after the blows inflicted by the BAICO and CLICO debacle. He went on to remind the meeting of the decision in 2010 to forego the payment of dividends and to totally write off the BAICO and CLICO investments. This decision he said confirmed the need for the strategy to strengthen the capital base of the Credit Union and implement an Investment Policy that prevents the GPSCCU from over investing in any single institution.

He expressed his satisfaction in reporting that in the year 2011 the GPSCCU reported a net surplus of 2M before appropriations and a restoration of the Credit Union's minimum institutional capital to the acceptable 10% standard. For this he thanked the Management and Staff for their hard work and dedication. He went on to state that this surplus was the largest recorded for the Grenada Movement in the year.

Bro. Telesford recognized the need for the Credit Union to minimize risk in these challenging times by strengthening its delinquency control procedures. Everyone, he said should play a part in delinquency control in the Credit Union.

He went on to recognize the contributions that the GPSCCU has made in the lives of its membership including; high rates of interest on savings, investments, easy access to loans for homes and productive endeavours, educational scholarships, medical assistance and more.

He repeated the call made by the past chairman for members to invest in the Equity Shares of the Credit Union as a sure way of demonstrating love for the GPSCCU and the movement as a whole.

He then commented on the May 2012 GARFIN report in which the Authority stated its satisfaction with the significant and commendable progress the Credit Union had made in addressing all the issues raised in its prior inspection.

In his concluding remarks he thanked the founding fathers for having the vision to start this noble Movement. He thanked all the volunteers on the various committees for their hard work and dedication. He also recognized the hard work, cooperation and dedication of Management and Staff throughout the past year. He left the membership with a quote from Steve Jobs, “the real source of wealth and capital in this new era is not material things... It is the human mind, the human spirit, the human imagination, and our faith in the future”.

#### AGM12/03

#### Greetings from Guest Societies

Bro. Lennox Andrews, General Manager, Communal Co-operative Credit Union expressed warm and fraternal greetings from his Board and Membership. He congratulated the GPSCCU on their performance and invited the membership to continue with their spirit of co-operativism as a Credit Union Movement.

Sis. Janice Henry, Board Member, G.U.T. Co-operative Credit Union shared her message of solidarity, goodwill and comradry. She congratulated the GPSCCU on their 65<sup>th</sup> Annual General Meeting under the theme “Creating Opportunities and Enhancing Lives”. She stated that the theme boldly claims that opportunities can be created and that the invitation to celebrate together was an opportunity to create and enhance lives if all credit unions collaborate together.

Bro. Norman Price, T.A.W.U. Co-operative Credit Union thanked the membership for the invitation to share with them on this occasion. He congratulated the GPSCCU for standing the test even through a recession. He reiterated that the movement should stick together during these times in accordance with the words of the credit union song, “Together we help each other”.

Bro. Wallace Collins read the solidarity message from the Grenville Co-operative Credit Union. The Message congratulated the GPSCCU on once again celebrating their AGM and on having chosen such a theme befitting the current economic environment. The Grenville Co-operative Credit Union invited the membership of the GPSCCU to continue believing in the common philosophy and vision of co-operativism and applauded the enhanced level of relationship harnessed by the credit unions over the years. They further pledged commitment to strengthening of bonds.





Sis. Merlyn St. Bernard read the congratulatory message on behalf of the Geo. F. Huggins Co-operative Credit Union. The message commended the credit union movement on being one that is member-centric – focused on meeting the needs of members and providing means and opportunities for members to improve their lives through access to financial services and products. The GFH Credit Union went on to congratulate the GPSCCU on its achievements to date and wished the membership all the best for future endeavours.

AGM12/04

#### Official Remarks

##### Grenada Co-operative League

Sis. Hermilyn Cox, Board Member, Grenada Co-operative League brought greetings and commendations for the significant performance of the GPSCCU. She apologized on behalf of the President who was unable to attend due to the AGM at his Credit Union. She expressed the necessity for co-operation in the credit union movement as its rise and fall depends on it. She commended the GPSCCU on all its new initiatives and launch of new products. She highlighted the Excel Product as an excellent initiative for students instilling in them co-operativism at an early age.

##### GARFIN

Bro. Denis Felix, made remarks on behalf of the regulator, GARFIN. He commended the GPSCCU on its performance during the last year. He went on to state that the meeting was taking place at a time when the financial problems were continuing to take effect on the overall financial sector. He said that the theme chosen was consistent with the Credit Union principle of helping people through their financial struggles. He went on to explain that the main building blocks of a good structure are quality Board of Directors, Committee Members and Management. He implored Management and Board of Directors to safeguard members deposits at all times which would afford them the possibility to enhance life going forward. He invited the Board to build on their strengths and also strengthen their areas of weaknesses.

He reinforced to the meeting the commitment of GARFIN to continue its oversight of the lending and investment activities of all credit unions. He noted that there was financial improvement within the GPSCCU for the year under review and congratulated the membership whilst thanking them for the invitation to be present at the AGM.

AGM12/05

#### Presentation of Special Awards

The Chairman called on Sis. Kimalene Regis, Marketing Officer to present special awards to Board and Committee Members who have completed their term of service. He explained that this was a first for the Credit Union but one he would like to continue in the future. The following awards were presented:

##### Board of Directors

Bro. Wallace Collins

Bro. John Auguste

Sis. Arlene Buckmire-Outram



**Credit Committee**  
Sis. Judy Pivotte

**Supervisory Committee**  
Bro. Duane Noel  
Bro. Bernard Mc Intosh

**AGM12/06**

**End of Official Session**

The Chairman thanked the speakers for their words of congratulations, advice and recommendations. The Official Session of the Meeting ended with a short 10 min. break and light refreshments.

**AGM12/07**

**Update on Current Events**

The General Manager presented to the meeting current events which took place in the GPSCCU over the past few months.

**1. International Debit Card**

The IDC was launched on 21<sup>st</sup> February 2012. She reported that there are 1000 cards in circulation with a total of 400K in transaction. It was the intention of the Credit Union to gradually phase out and replace the ATM card. The IDC card was introduced with a waiver of the 1<sup>st</sup> 6 months' annual fee but thereafter there would be an annual fee of \$20.

**2. Credit Unions' Discount Card**

The Credit Union Discount Card was launched on 7<sup>th</sup> December 2011 together with the 3 other credit unions. The card allows members to get discounts ranging from 5-12% from various merchants. The card carries of cost of \$10 with no expiry date.

**3. Account Balances confirmation**

An attempt was made to get members to confirm their mortgage balances by sending out a sample of confirmation statements to approx. 600 members. The response rate was less than 10%. This exercise was being done for the first time but should be continuing annually. Members were encouraged to respond if they received the request for confirmation.

A concern was raised as to the avenues available for confirming balances for members who were not included in the random sample. They were encouraged to visit the Credit Union's office any time to verify their balances.







#### 4. Morne Jaloux Housing Project

The General Manager informed that the GPSCCU has held discussions with Thermal Impact Affordable Housing (TIAHCO) to construct houses on the lots in Morne Jaloux. 5 houses are expected to be constructed during the year 2012 and will be available within 4 months of signing the contract. The retail price of a package of house and land to be between \$275K and \$350K.

Members raised queries with regard to the feasibility of this move at this time given the perceived state of the housing market. Objections were also voiced with regard to the proposed designs.

#### 5. Office Refurbishment Project

The meeting was informed that the adjoining property to the church street office was purchased and that preliminary work was done on the office lay out and drawings. The refurbishment /extension project was put on hold however because it was not considered prudent to increase the Credit Union's borrowings at this time. In the meanwhile additional space to house the loans and credit department was being rented.

Members queried the financial prudence of the rent versus construction decision and also the choice of location of the rented premises. Responses were given to both concerns.

#### 6. Ease D Squeeze Loan

The General Manager reported on the newest loan promotion of the Credit Union whereby members were given the opportunity to borrow up to 20K repayable over 10 years with no further security requirements. She further explained that a fixed amount of \$2M was allocated to the product, which was fully committed, but the office has been processing all applications received before the announced closure date. Because there were no further security requirements for this loan it was only being made available to members who were able to repay through salary assignments.

A concern was raised with regard to the seeming disadvantage to persons who were self employed and unable to offer assignments of salary. Such persons were assured that they would be accommodated under the normal lending facilities.

One member raised the case of someone being denied the loan because they had lost their job and was unable to pay their existing loan but had since gotten a new job and applied for another loan. The General Manager responded that the Credit Policy did not allow lending to members who were in arrears.

The Past President of the Board, Bro. Ambrose Phillip, reminded the membership that when someone borrows, they borrow what other members have saved. As such if they do not repay, it is the money of other members that are lost.

One member raised the concern of the perceived ease with which withdrawals were given without requests for identification. She was assured that identification was a requirement and in most cases picture IDs were recorded on the system.

Another member reported on her satisfaction with the Credit Union and especially the polite and courteous staff at the Grenville Office. She informed the membership that, based on the Credit Union's performance and leadership position, it cannot remain stagnant but must continue to move forward in every aspect.



## AGM12/08 Nominations Committee's Report and Election

Bro. Ray Roberts performed the role of Returning Officer. He invited the Chairman of the Nominations Committee, Bro. Ambrose Phillip to present the Nominations Committee's Report.

Bro. Ambrose Phillip presented the Nominations Committee report which outlined the vacancies as follows:

### 1. Board of Directors

There were three (3) vacancies to be filled. The incumbents were completing their second terms of office and were therefore ineligible for re-election.

### 2. Supervisory Committee

There were two vacancies to be filled. The incumbents were completing their second terms of office and were therefore ineligible for re-election.

### 3. Credit Committee

There were three vacancies with only one of the incumbents being ineligible for reelection. The Nominees to fill the positions were:

#### Board of Directors

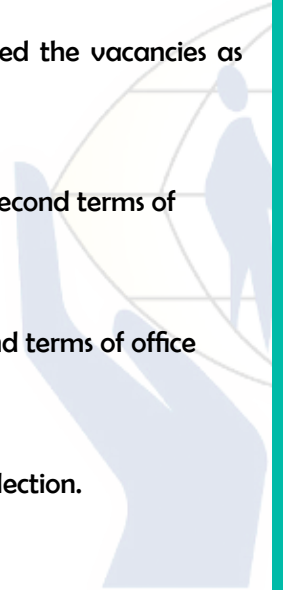
Sis. Gemma Bain-Thomas  
Bro. Kelvin George  
Bro. Carlyle Felix

#### Supervisory Committee

Sis. Shirlyn De Coteau-Sayers  
Bro. Alan Francis

#### Credit Committee

Bro. Dorrان Strachan  
Bro Justin Hazzard  
Bro. Terrence Victor





Bro. Phillip commented on the quality and quantity of nominations submitted by the membership and invited persons to get involved in the work of the Credit Union and get themselves nominated.

Nominations were then invited from the floor.

Bro. Duane Noel was nominated to serve on the Board of Directors by Bro. Che Cummings and seconded by Bro. Justin Hazzard.

A motion that the nominations for Board of Directors be closed was moved by Bro. Che Cummings and seconded by Sis. Meryl Phillip-Sylvester.

Voting ensued by secret ballot after nominations were closed. The results were as follows:

Bro. Duane Noel	127 votes
Sis. Gemma Bain-Thomas	157 votes
Bro. Kelvin George	169 votes
Bro. Carlyle Felix	194 votes

The newest members of the Board of Directors were declared to be Sis. Gemma Bain-Thomas and Bros. Kelvin George and Carlyle Felix.

There were no nominations from the floor for the Supervisory and Credit Committees and the nominations made by the Nominations Committee carried. The Chairman congratulated the new members of all Committees and invited them to sit at the 1<sup>st</sup> 3 rows at the front of the room.

The Composition of the Committees after elections was as follows:

#### **Board of Directors**

- Sis. Gemma Bain-Thomas
- Sis. Merlyn St. Bernard
- Bro. Francis Balwant
- Bro. Christopher De Allie
- Bro. Carlyle Felix
- Bro. Kelvin George
- Bro. David Griffith
- Bro. Garvin Roberts
- Bro. Phillip Telesford

#### **Credit Committee**

- Bro. Maximus Lazarus
- Bro. Dorrان Strachan
- Bro. Justin Hazzard
- Bro. Terrence Victor
- Bro. Adrian Joseph



### Supervisory Committee

- Sis. Louisa Chevalier
- Sis. Shirlyn De Coteau-Sayers
- Sis. Meryl Phillip-Sylvester
- Bros. John Alexander
- Bro. Alan Francis

#### AGM12/09 Consideration of Minutes of the 64<sup>th</sup> AGM

1. A motion that the Minutes of the 64<sup>th</sup> AGM be taken as read was moved by Sis. Merina Jessamy and seconded by Sis. Theresa Mc Queen.
2. Corrections to the Minutes  
  
The minutes were corrected as follows:
  - a. Ref. AGM booklet throughout document “PSCCU” corrected to read “GPSCCU”.
  - b. Ref. AGM booklet page 77 “perations” corrected to read “Operations.”
3. The Minutes were confirmed on a motion moved by Sis. Gerlan Peters and seconded by Sis. Princess John.
4. Matters arising from the minutes  
The chairman concluded that the matters arising from the minutes were dealt with in the update on current affairs

#### AGM12/10 Board of Directors Report

The Chairman moved a motion that the Board of Directors Report be taken as read and it carried without dissent. He then invited questions or matters arising from the Report.

Ref. AGM Booklet page 23, Bro. Justin Hazzard asked about the replacement of a Financial Counselor since the retirement of Bro. Anthony Isaac. The Chairman responded that the position was to be filled but a replacement had not yet been found.

Ref. AGM Booklet page 16, Bro. Wayne Davidson queried the statement “the BAICO and CLICO fall out as is evident by a 7.8% contraction of capital and Reserves.” Bro. Ambrose Phillip clarified that the figures given were from the Credit Union’s sector performance and not of the GPSCCU.

A motion to adopt the Board of Directors’ report was made by Sis. Meryl Phillip-Sylvester, seconded by Sis. Marietta Mitchell and carried.



## Credit Committee Report

The Chairman of the Credit Committee, Bro. Justin Hazzard moved a motion that the report be taken as read. This motion was seconded by Sis. Marietta Mitchell and carried.

He highlighted two areas of concerns raised in the report as follows:

1. A growing percentage of the membership was taking loans for personal and living expenses
2. There were a growing number of members over the age of 60 with large loans and mortgages.

These realities suggested the need for financial counseling to ensure that members enjoy a reasonable quality of life after retirement. Members should also seek to be honest in their loan applications to ensure that they receive the best possible advice.

Congratulations were then extended to Management and the Board of Directors on their initiative to launch the Ease D Squeeze loan promotion. He expressed thanks for the support given to the Credit Committee by all the members of the Board, Management and other committees and special thanks to Sis. Judy Pivotte as she vacates the Committee.

A motion to adopt the report of the Credit Committee was moved by Bro. Duane Noel and seconded by Sis. Lystra Garraway-Williams and carried without dissent.

## Supervisory & Compliance Committee Report

The report of the Supervisory & Compliance Committee was given by Bro. Duane Noel.

The report highlighted areas of concern for the Supervisory and Compliance Committee during the year 2011. These concerns centered around:

1. Performance assessment of committee members

Members should ensure that when nominated to serve on a committee that they have ample time and energies to volunteer. He recommended annual training for committee members.

2. The nomination process

He expressed the view that the General Manager should not be part of this process.

3. Morne Jaloux Housing Project

It appeared that there was no due diligence done on the company with which the Credit Union intended to partner to undertake further work on the project. It also appeared that approval was not sought from the mortgagee to commence work on the property.



4. **Approval of loans using the round robin method.**  
This method was used to approve loans to staff and committee members. The Act, however, requires members to be “sitting together”.
5. **GARFIN Recommendations**  
Management and the Board of Directors should ensure more timely responses to the GARFIN recommendations.

In conclusion, Bro. Noel congratulated the Board of Directors on various accomplishments which include the hiring of an Internal Auditor and the completion of the Investment Policy. He thanked staff and management for their trust and support given throughout. He then invited questions from the floor.

There were lively discussions following this report with members raising concerns with regards to the perceived strained relationship between the Board and the Supervisory and Compliance Committee and the reasons for some of the issues raised. The Committee was commended for their diligence in performing their function and amount of work they were able to accomplish.

Bro. Christopher De Allie responded to some of the comments made by stating that the Board of Directors had been working to address all issues raised by the Supervisory & Compliance Committee. He went on to highlight some of the improvements which had been achieved as a result of follow up actions from recommendations made by GARFIN, the Supervisory & Compliance Committee and the Internal Auditor and stated that GARFIN in its May 2012 Report had commented that overall, the GPSCCU had shown good performance and had reduced risk in a number of areas. He assured the members that the Board of Directors had been and would continue to work hard to correct issues with the Supervisory & Compliance Committee.

A motion to adopt the report of the Supervisory & Compliance Committee was moved by Bro. Terrence Victor and seconded by Bro. Learie Barry and carried without dissent.

## AGM12/13 Treasurer and Auditors Report

### Auditors Report

The Auditors report was presented by a representative from the Auditors Panell Kerr Foster, Sis. Claudia Francis.





The report was adopted by a motion moved by the Treasurer, Bro. Garvin Robert, seconded by Bro. Kipling Charles and carried.

### Treasurers Report

The Treasurers Report was presented by Bro. Garvin Roberts. Bro. Roberts highlighted various areas of improved performance by the GPSCCU as compared to a model credit union. He went on to explain to the meeting that the GPSCCU had met the standard for delinquent loans and the institutional capital to total assets ratio stood above the international standard. An area of concern however, was the liquidity reserve which stood at 8.1% against the standard of 10%. He encouraged the membership to make the GPSCCU their primary financial institution and invest in the Credit Union.

He then invited questions and discussions from the floor. Explanations were sought as to the procedures for collecting on delinquent loans and also on the “fees and charges” and “other income” mentioned on page 44 of the AGM Booklet.

Clarification was also sought on page 57, “Government payroll receivable”. On receiving the explanation that the practice of the Credit Union was to credit members accounts before receiving the payroll cheques from the Government of Grenada and that sometimes these cheques were received late a view was posited that an overdraft facility should be negotiated with the Government on which interest would be collected.

A motion was moved to adopt the report by Bro. Ray Roberts and seconded by Sis. Merina Jessamy.

AGM12/14

### Resolutions

#### Allocation of Surplus

The resolution to pay a dividend of 6% for the financial year ended 31<sup>st</sup> December 2011 was passed on a motion moved by Sis. Merina Jessamy and seconded by Bro. Wayne Davidson.

#### Appointment of Auditors

The resolution to reappoint Pannell Kerr Foster as auditors for the period 2012 was passed on a motion moved by Sis. Gerlan Peters and seconded Sis. Sabrina Rodney.



**Approval of Budget**

The resolution to approve the budget as presented for the year 2012 and 2013 was passed on a motion moved by Bro. Wayne Davidson and seconded by Sis. Yvette Lessey.

**AGM12/15**

**DRAW**

Sis. Kimalene Regis presided over the draw of 2 Blackberry cell phones compliments LIME, for persons who transferred \$1000.00 to their equity shares during the meeting. The winners of this draw were Bro. Learie Barry and Sis. Hermilyn Cox.

**AGM12/16**

**Any other Business**

Bro. Ambrose Phillip suggested that the Credit Union should budget for and embark on a Youth Outreach programme to engage persons leaving T.A. Marryshow Community College and Secondary Schools around the island. He expressed concern with the Credit Union's ability to take advantage of the new technological advantages and felt that the youth who had such expertise could be of assistance.

**AGM12/17**

**Adjournment**

A motion was moved to adjourn the meeting at 7:45pm by Sis. Gerlan Peters and seconded by Sis. Sabrina Rodney.

President

Secretary







# Nominees

## Board of Directors

### Sis. Venita Alexander-Thomas

Sis Thomas is currently an adjunct lecturer at TAMCC and possesses a Masters Degree in Pedagogical Science. She previously worked as a Stock Broker at Uncle Freddie's Shipping, Teacher- Student in Cuba, Teacher in Carriacou, Early childhood Education Officer and currently lecturer at TAMCC. Together with her Masters Degree she also obtained Sociology and Management of Business at CAPE level, Licentiate Degree in Education specializing in Primary Education.



### Sis. Annette Henry

Sis Annette Henry currently holds the position of Registrar at The Corporate Affairs and Intellectual Property Office and has held this position since 2009. She has also served in the Grenada Public Service from 1980 to present with the exception of her years of study and a two year stint in private practice as an Attorney-at-Law attached to the firm of Danny Williams and Co. from 2007-2009. Sis Henry holds a Bachelor of Laws, LLB (Hons) from the University of the West Indies and a certificate in Legal Education, CLE, from Hugh Loodoo Law School, Trinidad.



### Bro. Ernie James

Bro. Ernie James is currently employed at The Ministry of Environment, Foreign Trade and Export Development as a Trade Officer. Prior to his current job he was employed with the Customs and Excise Division for fifteen (15) years as a Customs Officer. Bro. James holds a Masters Degree in Business Administration from the University of Whales online programme, and a Bachelor Degree in Management Studies from the University of the West Indies. Brother James has also acquired other professional certificates in Advanced Trade Negotiations and Trade Facilitation and is currently pursuing an online certificate in Commercial Diplomacy from the Institute for Trade and Commercial Diplomacy. Bro. James is currently the Vice President of the Lions Club and has been an active member of GPSCCU for the last 10 years.





## Bro. Phillip Telesford

Bro. Phillip Telesford is a Fellow of the Association of Chartered Certified Accountants (FCCA). He is a former Accountant of the GPSCCU, is currently the Financial Controller at the Coyaba Hotel and has previously served as Financial Controller of the La Source Hotel. He has served as director on the Boards of Lorraine's Equipment Services Company Ltd and Gravel, Concrete & Emulsion Production Corporation.

His knowledge and experience in the field of accounting and business, hands-on value-driven approach to management, and unwavering commitment to excellence through hard work and dedication, will add value to GPSCCU. Bro. Telesford has been a member of the Credit Union since 1998 and has held the post of President of the Credit Union for the past two years.



## Supervisory and Compliance Committee

### Sis. Danielle Karel Hood

Sis. Hood is a Fellow of Association of Chartered Certified Accountants (ACCA) as of February 2013. She previously worked at PKF, Accountants and Business Advisors, where she performed the rolls of auditor and accountant for several companies in Grenada from 2004-2009. Sis. Hood is currently the Financial Accountant at Grenada Electricity Services Ltd. from 2009 to present. She is a very disciplined, determined and conscientious person. These attributes together with her work experience enable her to serve the Credit Union well.



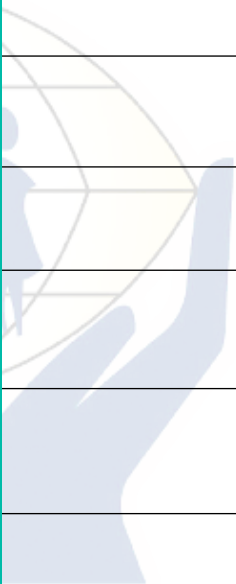
### Sis. Merina Jessamy

Sis. Merina Jessamy currently holds the position of Policy Development Officer in the Policy Monitoring and Evaluation Unit of the Cabinet Office, Government of Grenada. Sis. Jessamy holds a Masters Degree in Public Policy and Economic Reforms for Development and has also attended various post-graduate training sessions and workshops. She also holds certificates in the areas of Project Management, Public Policy, Strategic Planning, and Corporate Planning. Sis. Jessamy's duties since 2006 include Secretary to the Board of Permanent Secretaries and Head of non-Ministerial Departments.





# Notes



# Notes





# Notes



**GRENADA PUBLIC SERVICE CO-OPERATIVE CREDIT UNION LIMITED**

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