DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2017

G LLEWELLYN GILL & CO.
CHARTERED ACCOUNTANTS
P O BOX 546, CASTRIES

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

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INDEPENDENT AUDITORS' REPORT

To the Members of:
DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED**. ("the Society"), which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Report on the Audit of the Financial Statements
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED
INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements
(Continued)

Other Legal Matters

This report is made solely to the Society's members as a body. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinion we have formed.

\Castries, St Lucia
April 26, 2018

Chartered Accountants

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

	2017	2016
ASSETS		
Cash and balances with banks (Note 7)	**$ 4,807,172**	$ 3,935,276
Held-to-maturity financial assets (Note 8)	**1,973,147**	1,960,570
Accounts receivable (Note 9)	**583,768**	980,335
Investments (Note 10)	**456,480**	261,850
Loans to members (Note 11)	**13,795,142**	11,975,828
Deferred Building Cost	**7,200**	7,200
Capital assets (Note 12)	**269,309**	284,388
TOTAL ASSETS	**$ 21,892,218**	$ 19,405,447
LIABILITIES		
Accounts payable and accruals (Note 14)	**623,616**	241,426
Members' deposits	**5,114,247**	4,459,557
Members withdrawable shares	**12,428,806**	11,516,310
Total Liabilities	**18,166,669**	16,217,293
MEMBERS' EQUITY		
Share Capital (Note 15)	**797,605**	702,305
Member Funds (Note 18)	**525,614**	432,997
Reserves (Note 19)	**851,681**	734,822
Retained earnings	**1,550,649**	1,318,030
Total Members' Equity	**3,725,549**	3,188,154
TOTAL LIABILITIES AND MEMBERS' EQUITY	**$ 21,892,218**	$ 19,405,447

APPROVED BY THE BOARD:

______________________________ President

______________________________ Secretary

The accompanying notes form an integral part of these statements.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CHANGES IN MEMBERS' EQUITY

YEAR ENDED DECEMBER 31, 2017

	2017	2016
SHARE CAPITAL		
Share capital at beginning of year	$ 702,305	$ 424,285
Net shares purchased	95,300	278,020
Share capital at end of year	797,605	702,305
RESERVES		
Statutory reserve		
At beginning of year	734,822	732,958
Add : 25% of net surplus for the year	116,310	1,210
Entrance Fees	549	654
At end of year	851,681	734,822
MEMBER FUNDS		
Development fund		
At beginning of year	51,591	84,454
Add : 10% of net surplus for the year	46,524	484
Training expenses for the year	(23,693)	(33,347)
At end of year	74,422	51,591
Building fund		
At beginning of year	381,406	380,680
Add: 15% of net surplus for the year	69,786	726
At end of year	451,192	381,406
TOTAL MEMBER FUNDS	525,614	432,997
UNDIVIDED EARNINGS		
At beginning of year	1,318,030	1,358,104
Total Comprehensive Income for the year	465,239	4,841
	1,783,269	1,362,945
Statutory reserve	(116,310)	(1,210)
Education fund	(46,524)	(484)
Building fund	(69,786)	(726)
Dividends and Patronage	-	(42,495)
At end of year	1,550,649	1,318,030
MEMBERS' EQUITY, END OF YEAR	$ 3,725,549	$ 3,188,154

The accompanying notes form an integral part of these statements.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2017

	2017	2016
INCOME		
Interest on members' loans	**$ 1,261,818**	$ 1,128,140
Interest on fixed and savings deposits	**100,443**	88,281
	1,362,261	1,216,421
Interest Expense		
Interest and bank charges	**3,669**	3,485
Members fixed deposit interest	**4,290**	3,000
Loan Interest	**422,060**	254,270
	430,019	260,755
Net Interest Income	**932,242**	955,666
Provision for Impairment of loans	**12,726**	(78,303)
Provision for Impairment of Investments	**(5,370)**	(4,200)
Provision for Impairment of Receivables	**(14,018)**	(469,076)
CUNA Insurance	**(108,634)**	(99,438)
Other Income (Note 16)	**49,824**	79,116
Net Interest and Other Income	**866,770**	383,765
OPERATING EXPENSES		
Advertising and promotions	**13,185**	5,938
Depreciation	**19,134**	18,141
Insurance	**11,921**	11,927
Office supplies and stationery	**21,121**	23,273
Other expenses (Note 17)	**126,901**	105,236
Rent	**12,000**	12,000
Salaries, benefits and allowances	**149,430**	156,866
Security services	**31,050**	30,650
Utilities	**16,789**	15,245
	401,531	379,276
TOTAL COMPREHENSIVE INCOME for the year	**$ 465,239**	$ 4,489

The accompanying notes form an integral part of these statements.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

	2017	2016
Cash flows from Operating Activities		
Surplus (Deficit) for the year	**$ 465,239**	$ 4,841
Add (deduct): charges to income not involving cash		
Depreciation	**19,134**	18,141
Provision for Impairment of Loans	**(12,726)**	78,303
Loss on disposal of assets	**-**	2
Provision for impairment of Investments	**5,370**	4,200
Provision for impairment of Receivables	**14,018**	469,076
	491,035	574,563
Net change in non-cash working capital balances related to operations		
(Increase) in accounts receivable	**382,548**	(16,240)
(Increase) in short-term investments	**(12,576)**	(727,324)
(Increase) in loans to members	**(1,806,588)**	(1,237,380)
Increase in members fixed and other deposits	**1,567,190**	2,721,669
Increase in accounts payable and accruals	**382,186**	(133,234)
(Increase) in investments	**(200,000)**	1,650
Decrease in inventory	**-**	5,195
Net cash flow provided by (used in) operating activities	**803,795**	1,188,899
Cash flows from Investing Activities		
Purchase of fixed assets	**(4,055)**	(10,514)
Deferred building cost	**-**	(7,200)
Net cash flow provided by (used in) investing activities	**(4,055)**	(17,714)
Cash flows from Financing Activities		
Dividends paid	**-**	(42,495)
Payments from development fund	**(23,693)**	(33,346)
Increase in members' shares	**95,300**	278,020
Entrance fees	**549**	654
Net cash flow provided by (used in) financing activities	**72,156**	202,833
INCREASE/(DECREASE) IN CASH	**871,896**	1,374,018
CASH AND CASH EQUIVALENTS, beginning of year	**3,935,276**	2,561,258
CASH AND CASH EQUIVALENTS, end of year	**$ 4,807,172**	$ 3,935,276

The accompanying notes form an integral part of these statements.

1. LEGAL STATUS

The Dennery Community Credit Co-operative Society Limited was duly registered as a society on February 17th 1993 pursuant to the Co-operative Society Act. Chapter 82 of the Laws of Saint Lucia (1957) Revision, and is continued pursuant to Section 241 of the Co-operative Societies Act. No. 28 of 1999. The Society was formed to promote thrift and co-operative principles among its members by providing the means to facilitate savings.

The registered office and principal place of business of the Credit Union is High Street, Dennery, St. Lucia.

2. BASIS OF PRESENTATION

The financial statements have been prepared under the historical basis except for financial assets and liabilities designated at fair value through profit or loss, all of which have been measured at fair value. The financial statements are presented in Eastern Caribbean dollars (ECD$)

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB. The Society is also required to comply with Sections 119 (3) (a) and (b) re its liquidity reserve and other reserves. The Society has complied with the respective provisions.

4. PRESENTATION OF FINANCIAL STATEMENTS

The Society presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note .

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments - initial recognition and subsequent measurement

Date of recognition

Financial assets and liabilities, with the exception of loans and advances to members and balances due to members, are initially recognised on the date that the Society becomes a party to the contractual provisions of the instrument. Loans and advances to members are recognised when funds are transferred to the members' account. The Society recognises due to members balances when funds reach the Society.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

Financial assets or financial liabilities held for trading

The Society classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short term profit making through trading activities or form part of a portfolio of financial instruments that are managed together for which there is evidence of a recent pattern of short-term profit taking. Held for trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income. Interest and dividend income or expense is
recorded in net operating income according to the terms of the contract, or when the right to payment has been established.

Held-to-maturity financial investments

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Society has the intention and ability to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost. The amortisation is included in interest and similar income in the income statement. The losses arising from impairment of such investments are recognised in the income statement within credit loss expense.If the Society were to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Society would be prohibited from classifying any financial asset as held-to-maturity during the following two years.

Loans and advances to Members

Loans and advances to Members include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
After initial measurement, loans and advances to members are subsequently measured at amortised cost less allowance for impairment.

Financial assets and financial liabilities designated at fair value through profit or loss

Financial assets and financial liabilities classified in this category are those that have been designated by management upon initial recognition. Management may only designate an instrument at FVPL upon initial recognition when one of the following criteria are met, and designation is determined on an instrument-by-instrument basis:

o The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis, or

o The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in net gain or loss on financial assets and liabilities designated at FVPL.

Impairment of financial assets
The Society assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset, or a group of financial assets, is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.
Evidence of impairment may include: indications that the member is experiencing significant financial difficulty; or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Recognition of Revenue
Interest on members' loans is recognized as income only to the extent that payments are received and or accrued for not more than ninety (90) days. Income on fixed and other deposits are recognized on the accrual basis. Commissions and non-productive loan income is recognized when received.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash on hand and demand and short term deposits with original maturities of less than one year. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value. For the purpose of the cash flow statement, cash and cash equivalents comprise balances of cash on hand and current accounts.

Property, Plant & Equipment
Land and Building comprise the main office. All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisitions of the items.
Subsequent costs are recognized as a separate asset when it is probable that future economic benefits will flow to the organization and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred. Land is not depreciated.
Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives as follows:

Building	- 3%
Furniture and equipment	- 10%- 33.33%
Leasehold Improvements	20%

Impairment of Loans
Loans originate by the Society, by providing money directly to the borrower with fixed or determinable payments that are not quoted in an active market. Third party expenses, such as legal fees incurred in securing the loans are treated as part of the cost of the transaction. All loans and advances are recognized when cash is advanced to borrowers.
An allowance for impairment is established if there is objective evidence that the Credit Union will not be able to collect all amounts due according to the original contractual terms of loans.
Objective evidence that loans are impaired includes observable data, historical patterns and information on loans pending legal consultation. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows discounted at the

loans original interest rate. The carrying amount of the loan is reduced through the use of an allowance account and the amount of the loss is recognized in the Income Statement.
The provision for impairment is considered to be adequate. When a loan is written off it is charged off against the impairment account. Subsequent recoveries are credited to the impairment account.

Provisions
Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Income Tax
The Society is not liable to Income taxes in accordance with Section 25 (1) (q) of the Income Tax Act Cap. 15.02 of Revised Laws of St. Lucia.

Dividends
Dividends are recognized in equity in the period in which they are paid.

Shares
The market value of shares is at the nominal value of $ 5.00 per share in accordance with the By Laws of the Society.

Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Society's financial statements are disclosed below. The Society intends to adopt these standards, if applicable, when they become effective.
IFRS 9 - Financial Instruments, will replace IAS 39 for Annual periods on or after 1 January 2018. It addresses the classification of assets and liabilities and change the computation of the loan loss impairment from an incurred loss approach to an expected loss approach.
IFRS 15- Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers, However, Interest and fee income integral to financial instruments will continue to fall outside the scope of IFRS 15 and will be regulated by other applicable standards (e.g IFRS 9). The Society is currently evaluating its impact.
Amendments to IAS 7 Statement of Cash Flows - The Amendments which became effective on 1 January 2017 seeks to enhance disclosure of changes in financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (e.g., gains and losses due to foreign currency movements). The Society is currently evaluating its impact.

Comparative figures
Where changes have been made in the presentation of the current years' figures, comparative amounts have been restated.

Approval of Financial Statements
The financial statements were approved for issue by the Board of Directors on April 26, 2018.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Society's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Society's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Society's control and are reflected in the assumptions if and when they occur.

Going concern

The Society's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Society's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

7. CASH AND BALANCES WITH BANKS

	2017	2016
Cash at banks	**$ 4,807,172**	$ 3,935,276

8. HELD-TO MATURITY FINANCIAL ASSETS

	2017	2016
Certificate of deposits	**$ 1,431,619**	$ 1,399,202
Deposits with League	**78,550**	77,009
Treasury Bills	**462,978**	484,360
	$ 1,973,147	$ 1,960,571

The Certificate of deposits are held in principal to meet the requirements for the liquidity reserve required to be maintained under Section 119(3) of the Co-operatives Act, Cap 12.06, Revised Laws of St. Lucia. Interest rates paid are in the range of 2% to 6.8%.

9. ACCOUNTS RECEIVABLE

	2017	2016
CLICO International Life Insurance Ltd	$ **911,912**	$ 1,300,164
Loan interest receivable	**40,938**	35,463
Fees	**-**	14,018
Prepaid expenses	**4,869**	4,898
Other	**81,107**	80,850
	1,038,826	1,435,393
Less provisions for advances	**(455,058)**	(455,058)
	$ **583,768**	$ 980,335

The Balance due from CLICO International Life Insurance Ltd has been reclassified from an Investment to a receivable to reflect the status of the amount due from CLICO and for which the Society holds security liens over the property of CLICO in St. Lucia.
Based on an offer for settlement from the Judicial Manager to be approved by the Courts, the Society agreed by letter dated January 31, 2017 to accept 65% of the outstanding sum due as an initial payment, with the anticipation that more of the sum due will be recovered as the CLICO assets are realised. In the circumstances the Society has made a provision for 355 of the Outstanding sums due.

10 INVESTMENTS

	2017	2016
Securities Available for Sale		
Eastern Caribbean Financial Holdings Ltd		
2016 - 12,000 shares (2015 - 12,000 shares)	$ **56,430**	$ 61,800
1st National Bank Shares, 20,000 shares	**200,000**	-
	256,430	61,800
Other Investments		
St Lucia Co-operative League - Shares	**200,050**	200,050
	200,050	200,050
	$ **456,480**	$ 261,850

11 LOANS TO MEMBERS

	2017	2016
Personal Loans	**$ 9,065,296**	$ 8,080,811
Others	**3,389,607**	2,645,278
Mortgage Loans	**1,706,491**	1,664,408
	14,161,394	12,390,497
Provision for Impairment of Loans	**(366,252)**	(414,669)
	$ 13,795,142	$ 11,975,828

Provision for Impairment of Loans

	2017	2016
Balance at beginning of year	**$ 336,317**	$ 276,249
Charges for the year	**78,352**	60,068
	$ 414,669	$ 336,317

As per Sec 11.5 of the Credit Union Act the Bad Debt Portfolio

12.PROPERTY, PLANT & EQUIPMENT

	2016 B/forward	Additions	Disposals	2017 C/forward
Cost				
Land	$ 48,496	**$ -**	**$ -**	**$ 48,496**
Buildings	214,867	**-**	**-**	**214,867**
Furniture & Equipment	124,073	**4,055**	**-**	**128,128**
Leasehold improvements	18,277	**-**	**-**	**18,277**
	405,713	**4,055**	**-**	**409,768**
Depreciation				
Buildings	9,132	**6,446**	**-**	**15,578**
Furniture & Equipment	93,916	**12,688**	**-**	**106,604**
Leasehold improvements	18,277	**-**	**-**	**18,277**
	121,325	**19,134**	**-**	**140,459**
Net book value	$ 284,388			**$ 269,309**

13.MEMBERS' WITHDRAWABLE SHARES

	2017	2016
Opening balance of regular shares	**$ 11,516,310**	$ 9,661,575
Additions	**3,792,155**	3,869,181
	15,308,465	13,530,756
Withdrawals	**(2,879,659)**	(2,014,446)
Closing balance	**$ 12,428,806**	$ 11,516,310

Interest paid on withdrawable shares for 2017 - 2%

14 ACCOUNTS PAYABLE AND ACCRUALS

		2017		2016
Member deposits and withdrawable shares interest	$	**422,061**	$	51,694
Dennery Fishermen's Co-operative		**147,290**		100,000
Accruals and sundry payables		**54,265**		89,732
	$	**623,616**		241,426

15.SHARE CAPITAL

This represents the paid up shares of members at a par value of $ 5 per share. Members are encouraged to maintain a minimum of 20 shares with a value of $ 100.

16.OTHER INCOME

		2017		2016
Dividends received	$	**-**	$	2,694
Commissions		**15,058**		10,340
Loan fees and service fees		**8,891**		4,578
Foreign exchange		**16,875**		10,340
Sundry		**-**		11,701
Management fee		**9,000**		36,200
	$	**49,824**	$	75,853

17. OTHER EXPENSES

		2017		2016
Annual general meeting	$	**17,260**	$	11,123
Bad debt recovery expense		**15,000**		15,000
Board and Committee expenses		**8,525**		11,710
Credit Union day activities		**400**		350
Donations		**12,690**		13,350
Honourarium		**17,155**		16,930
League dues		**17,150**		15,840
Legal and professional fees		**17,025**		12,844
Loss on disposal of property, plant & equipment		**11,000**		2
Repairs and maintenance		**10,696**		7,737
Scholarships		**-**		350
	$	**126,901**	$	105,236

18. MEMBERS FUNDS

These comprised of Funds for the benefit of members established by the Credit Union. These funds are supported from allocations from the Net Surplus for the year as follows:

Development fund	- 10%
Building fund	15%

19 RESERVES

Under Section 119(2) of the Co-operative Societies Act Cap. 12.06, Laws of St. Lucia, the credit union is required to appropriate at least 20% of the net surplus for each year to the statutory reserve fund. As per the By-laws of the credit union this appropriation has been set at 25%.

20.RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party by making financial and operational decisions. In this regard the balances of the Directors, Officers and Management at December 31, 2017 were as follows:

		2017		2016
Loans	**$**	**409,829**	$	336,729
Shares and Deposits	**$**	**358,124**	$	297,856

21. COMMITMENTS

During the year 2012, Dennery Community Credit Co-operative Society Limited entered into a five (5) year lease agreement for its current accommodation. The lease agreement commits the Society to a monthly payment of $ 1,000; ($ 12,000.00 annually).

22.CONTINGENT LIABILITIES

(a) There were no legal obligations at the year end.
(b) There were no capital commitments outstanding
(c) At the year end, loans approved by the credit union but not yet fully disbursed totalled $ 59,062 (2016 $ 14,948)

22.LEGAL CLAIMS

On March 9th 2012, a claim was filed in the Eastern Caribbean Supreme Court by a resident of Dennery against the Dennery Community Credit Co-operative Society Limited in part in the amount of $73,261.06 plus interest at 6% per annum from March 3rd 2010 for allegedly effecting disbursements against without appropriate authority from the claimants' savings account. The Society has filed a defence, however the matter is ongoing and has not been settled as at 31st December 2017.

24.Events after reporting date

There have been no events after the reporting date that require disclosure in these financial statements

25.FINANCIAL RISK MANAGEMENT

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. .The Credit Union is exposed to a variety of Credit, Liquidity and Market Risk as well as other Operational and Business Risks. The credit union seeks to minimize the effect that these risk will pose to the Business. The credit union's overall risk management policies and processes focus on identifying, analysing and monitoring all potential risks such as interest rate risk and credit risk that are faced by the Credit Union.. All treasury transactions are reported to and approved by the Directors.

(a) Credit risk

Credit risk is the risk that the Credit Union will incur a loss because its members or counterparties fail to discharge their contractual obligations. The Credit Union manages and controls credit risk by setting limits on the amount of risk it is willing to accept for its members and by monitoring exposures in relation to such limits.
The Credit Union has established a credit quality review process to provide early identification of possible changes in the credit worthiness of its members, including regular collateral revisions..
The credit quality review process aims to allow the Credit Union to assess the potential loss as a result of the risks to which it is exposed and take corrective action.
Impairment provisions are provided for losses that have been incurred at the Balance Sheet date. The credit union is guided by its loan policy and the regulations in the Co-operative Societies Act, taking into consideration changes in the economy or any particular segment that may represent a concentration in the credit union's portfolio.

The Maximum Exposure to Credit Risk is as follows:

	December 31, 2017	December 31, 2016
Cash Balances with Banks	**$ 4,807,172**	$ 3,935,276
Investments Loans and receivables	**2,429,627**	2,222,420
Trade and other Receivables	**583,768**	980,335
Loans to members	**13,795,142**	11,975,828
	$ 21,615,709	$ 19,113,859

(b) Liquidity risk

Liquidity risk is defined as the risk that the Credit Union will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Credit Union might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Credit Union on acceptable terms. The Credit Union has developed internal control processes and contingency plans for managing liquidity risk.

The following table presents the cash flows from assets and liabilities of the Credit Union for 2017

(b) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Credit Union classifies exposures to market risk into either trading or non–trading portfolios and manages each of those portfolios separately. Market risk arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

The interest rates on term contracts are fixed to the term of maturity. Rates on members deposits held are reviewed on an annual basis The rate for 2017 ranged from 2%. to 6.8%.

The credit union is exposed to equity risks (fair value). Shareholdings in the Eastern Caribbean Financial Holding Company are traded on the open market through the Eastern Caribbean Securities Exchange. Investments are monitored by management and changes in value taken through the profit and loss account.

Operational and Business Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Credit Union cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes.