



**9th June
2024**



**DENNERY COMMUNITY
CREDIT COOPERATIVE
SOCIETY LTD**

"Save Today For A Better Tomorrow"

29th

ANNUAL GENERAL MEETING

"Building Pillars for Continued Success"

**Bethel's Blessings Event &
Conference Centre, Dennery**

3pm

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'Building Pillars for Continued Success'

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VISION

Our vision is to be the lifetime financial partner for our community empowering our members to achieve success.

MISSION

To educate members of our community about the principles and benefits of co-operativism so as to attract membership from a wide cross section of our community in an effort to harness our collective resources to promote the educational, social and economic development of members and the wider community.

PRAYER OF SAINT FRANCIS OF ASSISI

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

O Divine master, grant that I may not
so much seek to be consoled as to console
To be understood as to understand
To be loved as to love
For it is in giving that we receive
It is in pardoning that we are pardoned
And it is in dying that we are born to eternal life.

CO-OPERATIVE PRINCIPLES

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training and Information
6. Co-operation among co-operatives
7. Concern for Community

CO-OPERATIVE VALUES

1. Self-help
2. Self-responsibility
3. Democracy
4. Equality
5. Equity
6. Solidarity

STANDING ORDERS

1. A member shall stand and state his or her name when addressing the Chairman.
2. Speeches shall be clear and relevant to the subject before the meeting.
3. A member shall only address the meeting when called upon by the Chairman to do so, after which he or she shall immediately take his or her seat.
4. No member shall address the meeting except through the Chairman.
5. A member shall not speak twice on a subject except:
 - (a) The mover of a motion who has the right to reply.
 - (b) The member rises to object or to explain any matter with the permission of the Chairman.
6. No speeches shall be made after the “Question” has been put to the meeting.
7. The mover of a “Procedural Motion” (that is a motion for adjournment laid to the table or a motion to postpone) shall have no right to reply.
8. A member rising on a “Point of Order” shall state the point clearly and concisely (a “Point of Order” shall have relevance to the standing orders).
9. A member shall not call another member to order but may draw the attention of the Chairman to a ‘breach of order’.
10. On no account can a member call the Chairman to order.
11. When a motion is withdrawn, an amendment of it fails.
12. The Chairman shall have the right to a “casting vote”.
13. If there is an equality of voting on an amendment, it is lost.
14. Provision shall be made for protection by the Chairman for vilification among members.
15. No member shall impute improper motive against another.

CORPORATE INFORMATION

'Building Pillars for Continued Success'

BOARD OF DIRECTORS



Daniella Martelly
President



Thomas Flavien
Vice President



Asmara James
Secretary



Marlyn Prince
Treasurer



Janelle G. Lord
Assistant Secretary



Ramel Polius
Assistant Treasurer



Priscilla Williams
Director

CREDIT COMMITTEE



Rosaly Collymore
Chairperson



Jasmine B. Monerville
Secretary



Agnita Thomas
Member



Gertrude B. Omeared
Member

SUPERVISORY COMMITTEE



Deborah Charlery
Chairperson



Hilanda Leon
Secretary

SUPERVISOR COMMITTEE (continued)



Perry Lendor
Member



Joseph Charles
Member

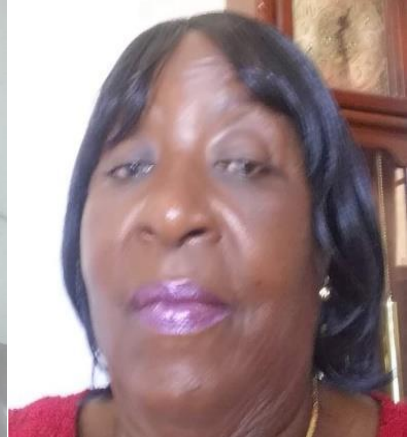
EDUCATION COMMITTEE



Janelle G. Lord
Chairperson



Jacqueline Charlemagne
Member



Shirley Biscette
Member



Antoninus Thomas
Member



Epiphana James
Member

SOCIAL COMMITTEE



Left to right: Ramel Polius – Chairperson, Jasmine B. Monerville, Martha Estaphane and Rosaly Collymare

EMPLOYEES



Left to right: Jercel Gideon – Clerk, Elaine Desir – Loans Officer, Janta Jules – Head Teller, Sabina Stanio – Manager, Kavon James – Teller/Clerk, Madrianna Fontenelle – Administrative Clerk, Mackeeva Edan – Teller/Clerk (no photo)

EMPLOYEES (continued)



Miss Thora Dundas joined the Dennergy Credit Union as Manager in 2004. Prior to that time, she served on the Board of Directors in the position of Treasurer and was instrumental in getting individuals to become members. In 1992, she assisted in getting the books and records up to date so that the financial statements could be prepared for registration of the Society in 1993. A true co-operator who served with dedication and selflessness.

Auditor

G. Llewellyn Gill & Co.

Attorney-at-Law

George Charlemagne

Affiliation

St. Lucia Co-operative Credit Union League Ltd.

Bankers

Bank of Saint Lucia
1st National Bank
Republic Bank

NOTICE & AGENDA

Notice is hereby given of the 29th Annual General Meeting of the Dennergy Community Credit Co-operative Society Limited to be held virtually and at Bethel's Blessing Event & Conference Centre at By-pass Dennergy on Sunday 9th June 2024 commencing at 3:00 pm.

Agenda

1. Ascertaining a Quorum
2. Call to Order
3. National Anthem
4. Invocation/Prayers
5. Welcome Remarks
6. Apologies for Absence
7. Presentation by the Financial Services Regulatory Authority
8. Greetings from Fraternal Organizations
9. Minutes of the 28th Annual General Meeting
 - Reading of Minutes
 - Errors and Omissions
 - Confirmation of Minutes
 - Matters Arising
10. Reports
 - Board of Directors
 - Treasurer
 - Audit and Financial Statements
 - Credit Committee
 - Supervisory Committee
11. Appointment of Auditor
12. Election of Officers
13. Any Other Business
14. Adjournment

By Order of the Board

Asmara James

Secretary

Board of Directors Report

Overview

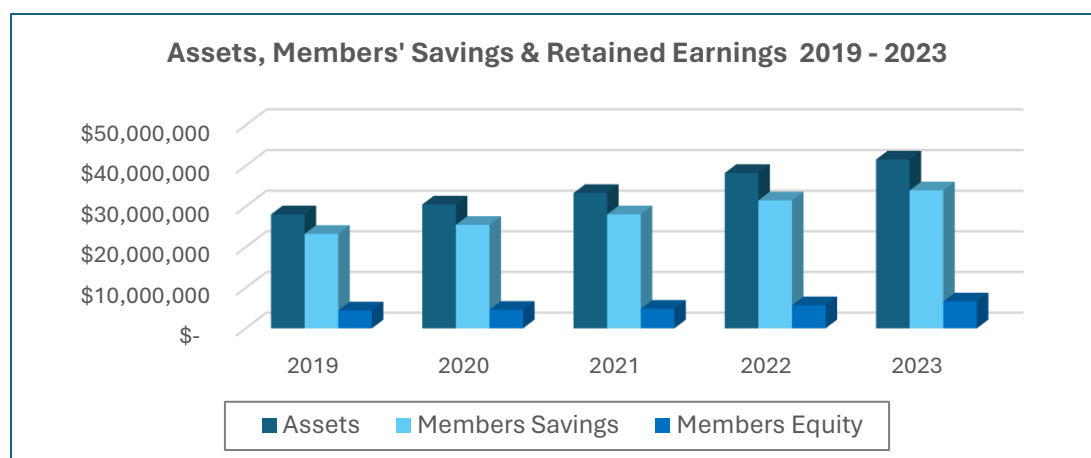
For the year 2023, our Credit Union recorded steady growth in total assets at \$41.5 million moving from \$38.2 million at the end of 2022. We registered a sharp increase in total loans largely resulting from our mortgage loan promotion. The Credit Union continues to register high liquidity and the capacity to generate more loans.

During the period in review, the Board continued to focus on the restructuring of the organization to improve efficiency and effectiveness. In that regard, it enhanced the teller operations by creating and filling a position of Head Teller. We also focused on the repositioning of the organization to meet the demands of the changing regulatory environment. As such the Board enlarged the position of General Manager. Additionally, we focused on increasing the loan portfolio to improve profitability. Our headquarters building also took a central position in our discussions as it will provide the space required for expansion and enhance the image of our credit union.

Performance

For the year in review, the Credit Union recorded a significant increase in total assets of \$3.3 million or 8.7 percent when compared to 2022. The main contributors to the increase in total assets are the increase in members' savings and the increase in members' equity resulting from the increase in membership shares and the net surplus realised for the year in review.

The graph below shows a steady growth in assets, members savings and members' equity over the last five years. Members' equity represented 16 percent of total assets in 2023. This is an increase from the 2021 and 2022 figures of 14 percent and 15 percent respectively. We experienced a drop in 2020 to 15 percent from the 2019 figure of 16 percent. At the end of 2023, members equity to total assets reached the pre Covid 19 pandemic level of 16 percent.



An analysis of the performance using the PEARLS ratios revealed the following as shown in the table below.

PEARLS	Performance Indicators	Industry Standards	Financial Year 2022	Financial Year 2023
Protection	Loan Loss Allowance to Delinquent Loans < 12 months	35%	63.75% or 1 in PEARLS rating	35.59% or 1 in PEARLS
Effective Financial Structure	Savings Deposits to Total Assets	80%	82.8% or 1 in PEARLS rating	82.53% or 1 in PEARLS rating
Asset Quality	Non-earning Assets to Total Assets	Max 5%	1.4% or 1 in PEARLS rating	2.45% or 1 in PEARLS rating
Rates of Return	Operating Expenses to Total Assets	5%	2.07% or 1 in PEARLS rating	2.15% or 1 in PEARLS rating
	Net Income to Average Total Assets	2%	1.88% or 2 in PEARLS rating	2.03% or 1 in PEARLS rating
Liquidity	Liquid Assets less Short-Term Payables to Deposits	Min 15%	50.03% or 1 in PEARLS rating	40.51% or 1 in PEARLS rating
Signs of Growth	Growth in Total Assets	Min 10%	14.8% or 1 in PEARLS rating	8.66% or 2 in PEARLS rating

Further analysis of the performance of the Credit Union revealed the following:

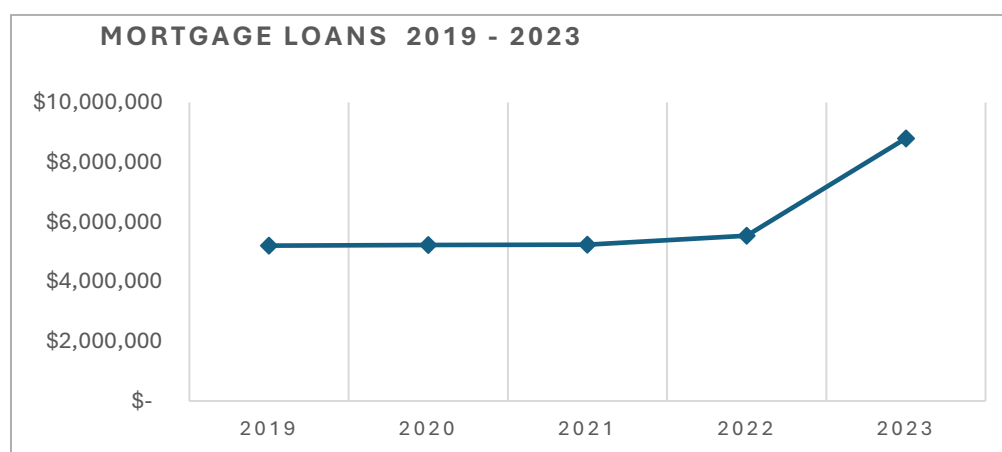
- Membership shares (share capital) to total assets stood at 5.1 percent (minimum required 5 percent).
- Institutional capital Ratio: Reserves plus retained earnings to total assets stood at 10.5 percent (minimum required 10 percent). This ratio however is expected to be increased to 12 percent with the enactment of the Co-operative Societies Bill. The Board has analysed the cashflows of the Society and is hopeful that the revised benchmark will be attained in the near future.
- Capital Base Ratio: Share capital plus reserves plus retained earnings to total assets stood at 15.6 percent (minimum required 15 percent).

Loans

(a) Portfolio

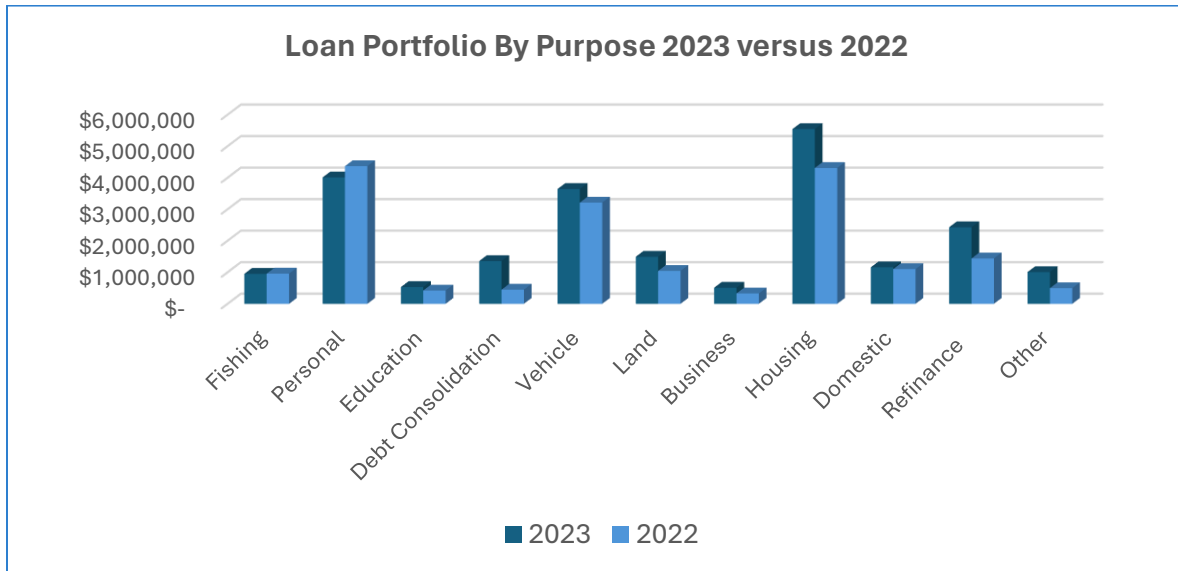
In January 2023, the Board increased the loan ceiling to \$400,000 and introduced a mortgage loan promotion at an interest rate of 5 percent per annum. This promotion resulted in a sharp increase in mortgage loans from \$5.5 million in 2022 to \$8.8 million in 2023 representing an increase of \$3.3 million or 58.8 percent.

The graph below shows the performance of mortgage loans over the last five years; a relatively flat line from 2019 to 2021 with a slight increase in 2022 and a significant increase in 2023.

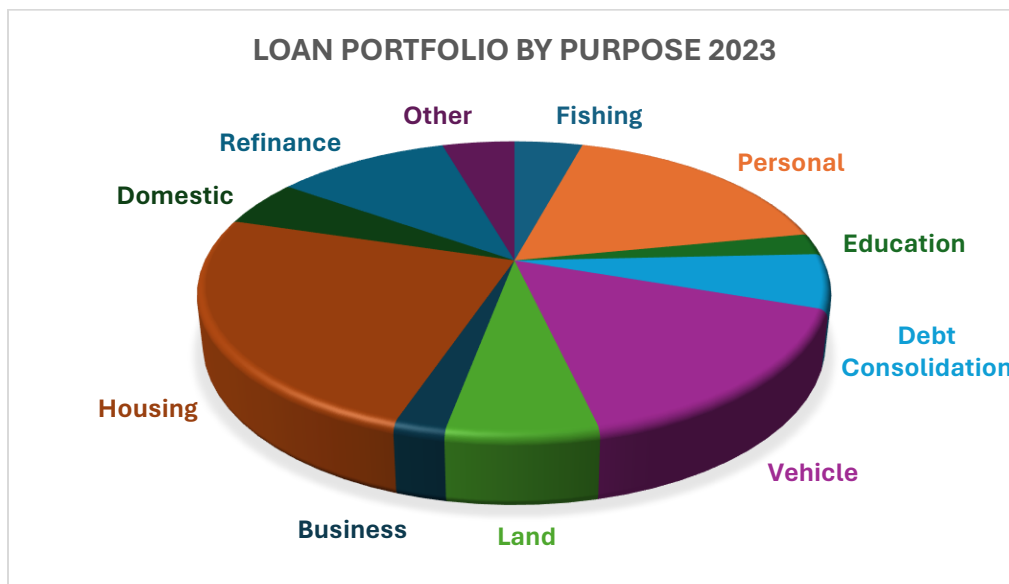


Total loans grew from \$18.2 million in 2022 to \$22.7 million in 2023 representing an increase of \$4.5 million or 25 percent. The increase in mortgage loans accounted for 71.7 percent of the increase in total loans. The graph below shows the composition of the loan portfolio for 2023 compared to 2022. It shows

significant increases in Housing (\$1.2 million), Refinance (\$1 million) and Debt Consolidation (\$0.9 million). Personal loans registered a decline of \$0.4 million.



At the end of the year in review, the loan portfolio by purpose shown by the pie chart below revealed that Housing loans represented the largest proportion of the portfolio at 24.5 percent, followed by Personal loans at 17.7 percent and Vehicle loans at 16.1 percent. Land loans accounted for 6.6 percent of the portfolio and Debt Consolidation loans accounted for 6 percent. Fishing loans represented 4.2 percent of the portfolio.



(b) Delinquency

At the end of 2023, Delinquent Loans to Total loans stood at 11.6 percent, significantly above the industry standard of 5 percent but below the 2022 rate of 15.8 percent. This improvement is due to the enforcement of debt monitoring and collection procedures.

Delinquency continues to be a focal point for the Board and is part of management's monthly reporting to the Board of Directors. We continue to review and implement measures to reduce the rate of delinquency. However, as we have mentioned in the past, our collective efforts are required to curb the high rate of delinquency. We must never lose sight of the fact that the Co-operative is founded on principles geared towards assisting each other and it is our collective resources that provide the engine for growth and development. We therefore urge members to dialogue with us when they encounter financial hardship. Also, we appeal to members to make repayment of their loans a priority.

Insurance

In addition to the CUNA Family Indemnity Plan (FIP) provided to members, we introduced the CUNA Advanced Protection as a condition for loans in excess of the amount covered by the Society, where the member does not have life insurance to cover the risk. The Credit Union pays CUNA Life Protection for all loans up to a maximum of \$50,000.

Additionally, the Credit Union made Homeowners insurance a condition for House Construction loans to cover the risks of fire and perils thereby enhancing the quality of the assets held to secure loans.

Membership

At the end of 2023, total members stood at 3,644, an increase of 112 or 3.2 percent when compared to 2022. The table below shows membership data for 2023. Shares entered/transferred were made by existing account holders who did not have the required membership shares of 20 or \$100.

Balance December 31, 2022	New Members	Shares Entered/ Transferred	Closed Accounts	Deceased Members	Balance December 31, 2023
3,532	69	77	2	32	3,644

Dividends

For the year 2023, the Board proposes a payment of 3.5 percent dividends amounting to \$69,993 to be credited to membership shares.

Building

The Board reinstated the Building Committee towards the end of 2023 and the Committee held two meetings during that period. The Committee reviewed the stage at which the project was stopped and planned the way forward to see the materialization of our headquarters building in 2024.



Organizational Repositioning

In its thrust to reposition the organization to improve efficiency and effectiveness in this enhanced regulatory environment, the board created and filled a new position of Head Teller (Ms. Janta Jules) in 2023.

Additionally, Miss Sabina Stanio joined the Credit Union as General Manager effective 1st November 2023. She worked along with Miss Thora Dundas, retired General Manager who agreed to remain employed with the Credit Union during the three-month induction period of the new Manager. The Board extends its heartfelt thanks to Miss Dundas, a true co-operator, for her unwavering support during her tenure with the Credit Union.

Education, Training and information

For the year 2023, activities undertaken by the Education Committee are presented in a report included in this annual report. Additionally, seminars and workshops attended are as follows:

- Mrs Janelle G Lord attended the CaribDE training held in Saint Lucia in February 2023.
- Miss Daniella Martelly, Miss Thora Dundas, Mr. Ramel Polius, Mrs. Deborah Charlery and Mrs. Jasmine Monerville attended the OECS Credit Union Summit in Grenada in September 2023.
- All employees attended Anti Money Laundering training in June and November 2023.

Social Responsibility

During the period in review, the Credit Union continued to support activities under Co-operative Principle no. 7 ‘Concern for Community’ as follows:

- We donated \$18,225 to various community activities.
- \$6,000 was spent on the annual ‘Bringing Smiles’ programme which saw the delivery of 40 hampers at Christmas to deserving community members.

Meetings

At the 28th Annual General Meeting, we saw the re-election of Miss Asmara James and Mr. Ramel Polius to the Board of Directors. In addition to attending monthly meetings, six directors attended sub-committee meetings namely Recruitment Team and Building Committee. A joint committee meeting was arranged where the Board, Credit Committee, Supervisory Committee and Education Committee met to discuss the business of the Society. The table below shows the meeting attendance record for 2023.

Name	Monthly Scheduled	Monthly Attended	Sub-committee	Joint Committee	Other
Daniella Martelly	12	11	8	1	1
Thomas Flavien	12	12	2	1	1
Marlyn Prince	12	12	5	1	-
Ramel Polius	12	11	2	1	-
Asmara James	12	10	6	1	-
Janelle Lord	12	12	5	1	1
Priscilla Williams	12	12	-	1	-

Conclusion

The Board expresses its sincere thanks to Committee members, management and staff for their service to the Credit Union. We convey our gratitude to Director Thomas Flavien for his dedication and service to our credit Union. Mr. Flavien has reached the end of his 2nd term and is not entitled for re-election.

We express our gratitude to members who have continued to support us throughout the years. We seek your continued support as we make strides towards improving the efficiency and effectiveness of operations within the enhanced regulatory framework.

Fellow members, let us join hands together as we persist in “Building Pillars for Continued Success”. This undoubtedly will ensure the future survival of our financial partner, our Credit Union in our fishing village of Dennergy.

For and on behalf of the Board of Directors

Daniella Martelly

President

Education Committee Report

During the period under review two new students were added to the scholarship programme, bringing the total for the year to nine. Darnley Gustave received the Cecilia Daniel Socio Economic Award while Dimitri Thaurille received the Hayden Williams Academic Scholarship. Seven bursaries were also awarded to other scholarship applicants.

The committee collaborated with the Dennerly SDA in April to host a community health fair, where members of the committee interacted with patrons to inform them about the services of the Co-operative and to answer their questions.

During the month of May, students at the Dennerly Primary School participated in a Spelling Bee Contest sponsored by the Co-operative. Each of the finalists received a monetary prize and a certificate of participation.

In December, the Committee hosted the annual Bringing Smiles programme. 40 grocery hampers were delivered to needy persons in the communities of Dennerly Village, La Caye and Lumiere.



Janelle G Lord - Chairperson

TREASURER'S REPORT

Fellow co-operators, the Society continued to experience significant growth in assets during the year in review. The monitoring of our performance ratios and managing the loan portfolio and other assets of the Society has yielded a net surplus which places the Society's ratios within industry standards. An analysis of the financial statements for the year in review is presented below.

Statement of Financial Position

The graph below shows a summary of the financial position of the Society over the last five years. It shows a steady growth in total assets, total liabilities and members' equity. The increase in liabilities is attributed to the increase in members' savings while the increase in members' equity is the result of the increase in share capital and the net surplus realised for the year.

Category	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$
Total assets	28,034,086	30,465,802	33,282,299	38,215,643	41,524,016
Total Liabilities	23,640,712	25,909,187	28,481,523	32,546,250	34,917,607
Total member equity	4,393,374	4,556,615	4,800,776	5,669,393	6,606,409

Total assets

The Society's mandate over the years has been to grow its total assets. Therefore, over the past five years, the total assets have increased by 48.1%, from \$28,034,086 in 2019 to \$41,524,016 in 2023.

In 2023, the Society's total assets increased by \$3,308,373 (8.7%) from \$38,215,643 in 2022 to \$41,524,016. This growth was primarily driven by two key contributors: loans to members and financial assets.

Loans to members

Loans to members increased by \$4,519,059 (26%) from \$17,367,028 to \$21,886,087. This asset is the most critical asset of the credit union and therefore over the years strides have been made by the Board and Management to manage the collection to reduce the amount of the loan impairment. Total loans granted in 2023 was \$10,946,731. It has increased by \$3,273,494 or 43% over 2022. The

increase in total loans also had an impact on the provision for loan losses which increased by 2.8% from \$798,336 in 2022 to \$820,481 at the end of 2023.

Financial Assets

Financial assets increased by \$517, 019 (5.4%) from \$9, 649,290 to \$10,166,309. This increase is due to one additional investment and the roll-over of the interest received upon the maturity.

Total liabilities

Total liabilities increased by (\$2,371,357) 7.3%, from \$32,546,250 in 2022 to \$34,917,607 in 2023. This increase is mainly due to the increase in members withdrawable shares and deposits.

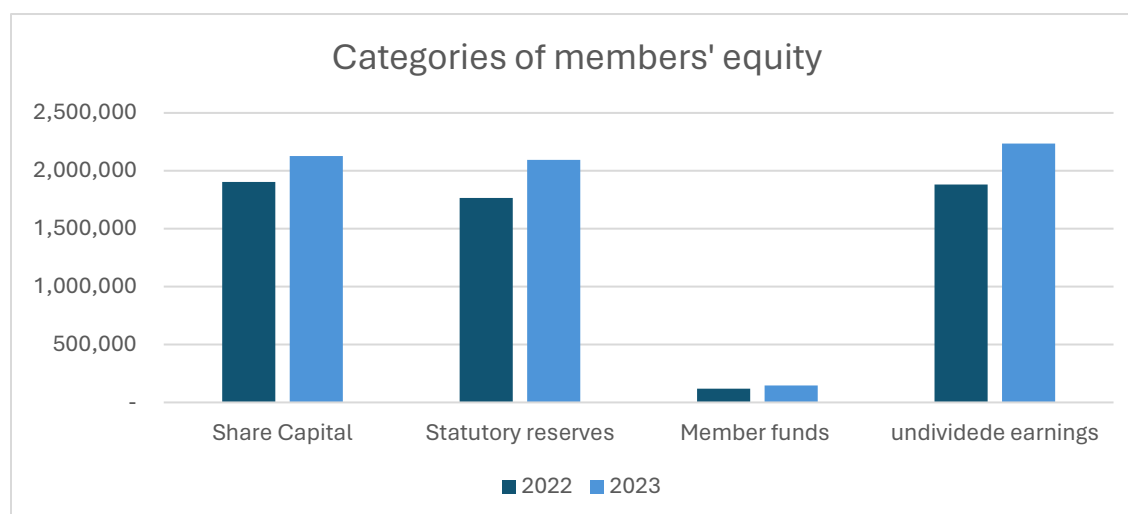
Members withdrawals shares and deposits.

Members' withdrawal shares and deposits increased by \$2,480,487 (7.9%) from \$31,449,727 to \$33,930,214. The members' withdrawal shares stood at \$21,871,802, an increase of \$1,356,077 (6.6%) over 2022. The members' deposits stood at \$12,058,412, an increase of \$1,124,410 (10.3%) over 2022.

Total members' equity

Total members' equity increased by \$937,016 (16.5%) from \$5,669,393 in 2022 to \$6,606,409 in 2023. The table and graph below show the categories of members' equity.

Category	2022	2023	Change %
Share capital	1,904,550	2,128,770	11.8%
Reserves	1,764,933	2,093,597	18.6%
Member funds	118,650	147,597	24.4%
Undivided earnings	1,881,260	2,236,445	18.9%



Share Capital

Our members' shares have steadily increased, reaching \$2,128,770 at the end of 2023, a growth of \$224,220 (11.8%). This trend is a testament to our members' continuous interest and trust in the Society. This percentage of share capital to total assets at the end of December 2023, is 5.13% which is above the regulatory standard of 5%.

Reserves

At the end of 2023, reserve stood at \$2,093,597, increasing by \$328,664 (18.6%) over 2022.

Undivided earnings

At the end of 2023, undivided earnings stood at \$2,236,445. This increased by \$355,185 (18.9%) over 2022. In 2023, dividends of \$55,207 were paid.

The Society is committed to maintaining financial stability. As per the regulations, the aggregate of the statutory and other non-distributable reserves (Reserves) plus undivided earnings must always be maintained at a minimum of ten per cent (10%) of the total assets. At the end of 2023, reserves plus undivided earnings to total assets stood at 10.4%.

Statement of Comprehensive Income

Total income

The total income for 2023 is reported at \$2,210,038, an increase of \$296,350 (15.5%) over 2022. The increase is mainly from increases in loan interest income

and income from investments of \$233,713 and \$41,430 respectively. During the year, the Society increased its lending limit to \$400,000 and introduced a 5% rate on mortgage loans, which has positively impacted the Society's income growth.

Total expenses

Our total expenses, while showing an increase of \$194,210 (16%) over 2022, have been managed with careful consideration, reaching \$1,389,253. Total expenses represent 62.9% of total income for 2023 compared to 62.4% for 2022. This demonstrates our commitment to maintaining a balanced financial position. This increase in total expenses was mainly due to the following:

Interest expense

The interest expense is recorded at \$498,842, which increased by \$110,278 (28.4%) over 2022. This amount mainly consists of interest on members deposits of \$105,993 and interest on withdrawal shares of \$363,237.

Operating expenses

At the end of December 2023, total operating expenses stood at \$671,511, representing an increase of \$63,329 (10.4%) over 2022. This was mainly because salaries increased by \$21,324 (10.2%) due to additional human resources employed in 2023. Other expenses increased by \$39,424 (20.5%), mainly due to the increase in the cost of repairs and maintenance, donations, and the annual general meeting.

Net Surplus

The Net Surplus is \$820,785 for the year ended 31st December 2023 representing an increase of \$102,140 (14.2%) over 2022. Total income increased by \$296,350, while total expenses increased by \$194,210.

Conclusion

As the Society continues to build pillars for success, in 2023, the Society implemented strategies to increase its loan portfolio to improve profitability and other operational aspects. The Board will continue to keep a clear focus on implementing effective strategies and exploring new ideas to achieve our milestones.

Marlyn Prince

Treasurer

CREDIT COMMITTEE REPORT

At the 28th Annual General Meeting, the Committee saw the exit of Dwight St. Ville, Epiphana James and Crepin Jn. Baptiste and welcomed Gertrude B. Omeard, Agnita Thomas and Quina Marquis to the team. The team is tasked with ensuring that all loan applications are in conformity with the approved loan policy and provides oversight of the loan portfolio. Delinquency mitigation is at the forefront in our evaluation of the loan applications. The evaluation process entails the following:

- ensuring that the debt service ratio is within the stipulated guidelines.
- ensuring that the collateral offered is sufficient and up to date.
- assessing the members ability to pay.
- interviewing members if necessary.

The attendance record for meeting held in 2023 is presented in the table below.

Names	Monthly Scheduled	Monthly Attended	Joint Committee
Jasmin Monerville	33	31	1
Epiphany James	13	7	1
Rosaly Collymore	33	26	1
Gretrude B Omerod	20	17	-
Quina Marquis	20	4	-
Dwight St .ville	13	13	1
Cripin Jn Baptiste	13	9	1
Agnita Thomas	20	16	-

Loans to Members

During the period in review, the Credit Union received 989 (nine hundred and eighty-nine) loan applications amounting to \$11,309,731. Of these loan applications, 3 (three) were denied amounting to \$363,000 and 986 applications were approved amounting to \$10,946,731.

Of the total loans granted, 139 loans amounting to \$406,069 were Reach Loans (Christmas promotion) and 43 loans amounting to \$91,000 were Back-to-School loans.

The summary of loan applications approved for the year 2023 is presented in the table below.

SUMMARY OF LOANS GRANTED FOR 2023

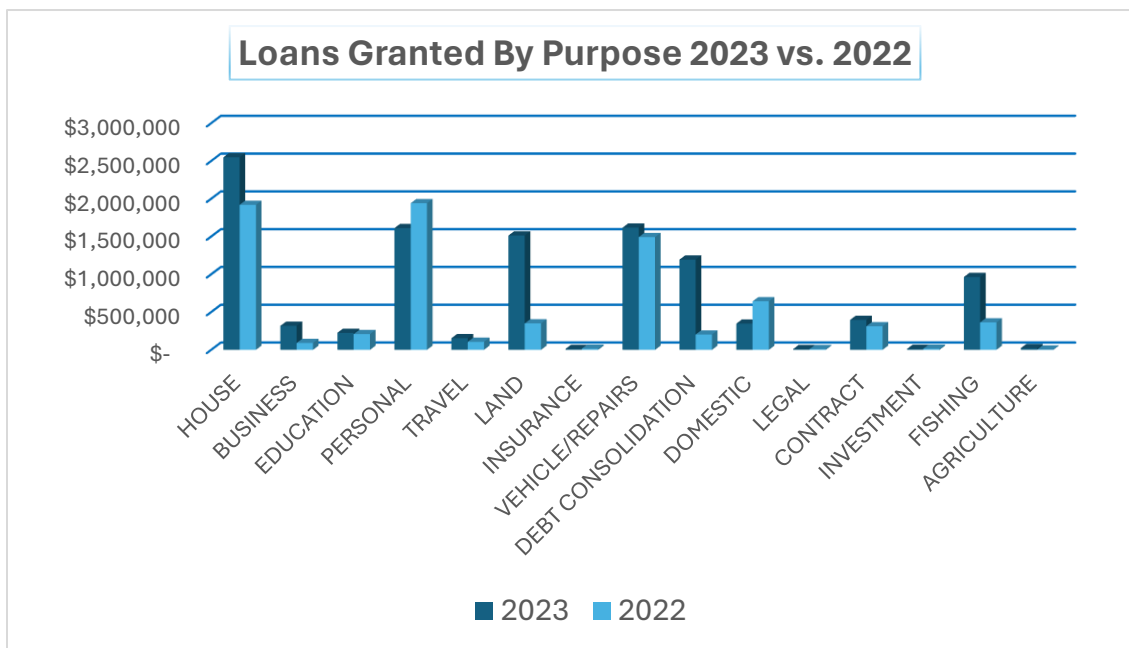
LOAN CATEGORY	NUMBER OF LOANS	AMOUNT GRANTED
HOUSE	115	\$ 2,548,412
BUSINESS	6	\$ 318,000
EDUCATION	72	\$ 225,350
PERSONAL	529	\$ 1,611,690
TRAVEL	28	\$ 154,500
LAND	8	\$ 1,512,803
INSURANCE	5	\$ 307,754
VEHICLE/REPAIRS	74	\$ 1,322,613
DEBT	29	\$ 1,252,547
DOMESTIC	72	\$ 287,392
LEGAL	33	\$ 160,065
CONTRACT	3	\$ 814,565
INVESTMENT	8	\$ 141,500
FISHING	3	\$ 267,541
AGRICULTURE	1	\$ 22,000
TOTAL	986	\$ 10,946,731

The security obtained for the loans granted are as follows:

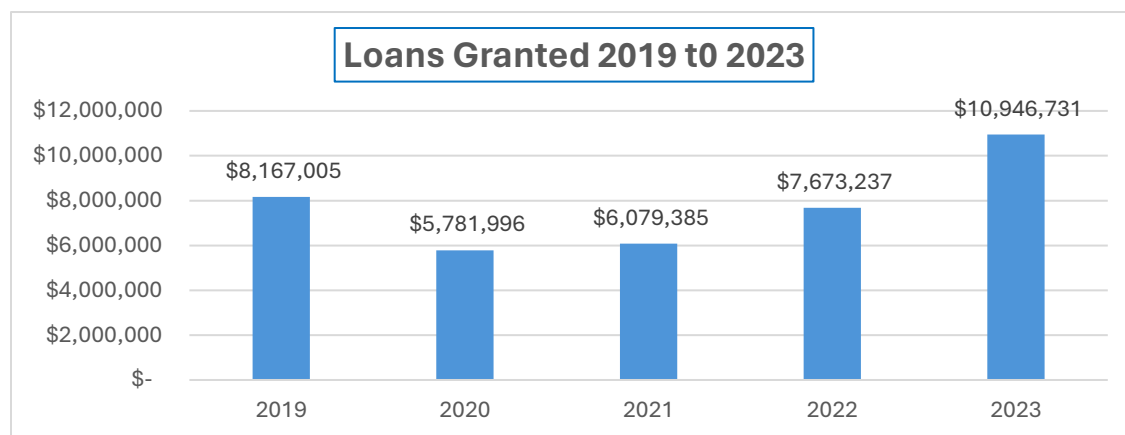
- Members callable shares
- Instrument of charge for House loans
- Bills of sale for loans to purchase vehicles and equipment.
- Mortgages. All land loans are secured by mortgages.

The maximum loan amount granted during 2023 was \$400,000 and the minimum \$200.

At the end of 2023, the Credit Union registered a marked increase of 42.7% (\$3,272,494) in loans granted when compared to 2022. As shown by the graph below, the largest increase was registered in Land loans (\$1,162,867) followed by Debt Consolidation (\$991,105) and then House (\$629,230. Most of the Debt Consolidation loans granted in 2023 are secured by mortgages.



The graph below shows loans granted over the last five years. The impact of the Covid 19 pandemic is shown in 2020 and 2021 with a sharp drop of 29.2 percent from the 2019 figure and an increase of 5.1 percent in 2021 when compared to 2020. The 2022 figure is 26.2 percent above that of 2021 and represents a 6 percent decline below the pre pandemic figure (2019). In 2023, the recovery from the pandemic coupled with the mortgage loans promotion saw a 34 percent growth in loans granted over the 2019 figure.



Delinquent Loans

Total delinquent loans stood at \$2,691,063 at the end of 2023. The number of days in arrears for these loans are as follows:

- 31 days in arrears - \$256,914
- 1 to 3 months in arrears - \$89,323
- 3 to 6 months in arrears - \$303,838
- 6 to 9 months in arrears - \$156,345
- 9 months to 1 year in arrears - \$149,684
- Over 1 year in arrears - \$1,734,959

The collateral securing these loans amounted to \$1,797,255.

Conclusion

The Committee extends its sincere thanks to Ms. Agnita Thomas for her voluntary service to the Credit Union as a member of the Credit Committee. Ms. Thomas who served for one year has decided to retire. We wish her well in her future endeavours.

We wish to thank management and staff for the cordial relationship maintained with the Credit Committee. We thank you members for patronizing the Credit Union and for your support during the period in review. We encourage members to honour their obligations to the Society by paying their loans on time and informing the Society of any financial difficulties which they may encounter.

Rosaly Collymore

Chairperson

SUPERVISORY COMMITTEE REPORT

During the 28th Annual General Meeting of the Dennerly Community Credit Co-operative Society Limited the membership of the Supervisory Committee remained the same with the re-election of Mrs. Deborah Charlery. As stipulated in the Bye-Laws, members of the Committee met after the AGM and elected to serve on the Committee in the following capacities:

- Mrs. Deborah Charlery – Chairperson
- Ms. Hilanda Leon – Secretary
- Mr. Joseph Charles – Member
- Mr. Perry Lendor – Member

The meeting attendance record for the year 2023 is as follows:

Names	Monthly Scheduled	Monthly Attended	Joint Committee	Sub-committee
Deborah Charlery	14	14	1	-
Joseph Charles	14	12	1	-
Hilanda Leon	14	13	1	-
Perry Lendor	14	9	1	2

Work Plan

The Committee continued with its previous work plan in an effort to continue to foster the development and efficiency of the credit Union. The following were included in the SC's 2023 work plan:

- Review of specific policies such as Code of Ethics, Anti-money Laundering Countering the Financing of Terrorist (AML/CFT) policy
- Review of Credit Union Delinquency standing
- Review of Credit Union's cash flow
- Observation of the work areas
- Monitoring of the loan portfolio and delinquency
- Review of Bye-Laws and policies that govern the credit Union
- Meet with committee members

Committee Meetings

Board of Directors

During the reporting period, the SC monitored the Board of Directors by going through the board minutes. All queries and concerns from the minutes as well as results from internal controls reviews were addressed and communicated to the Board.

Credit Committee

During the reporting period, the SC met with the Credit Committee to discuss the current standing of the Credit Committee as well as measures to improve the effectiveness of the Credit Committee.

Education Committee

During the reporting period, the SC met with the Education Committee to discuss its calendar of activities for the year as well as the way forward for the Credit Union services, membership drive and activities.

Internal Controls

During the period the Committee assisted with the review of the AML policy. The Committee also reviewed AML controls of the Credit Union, cashflow summaries and the loans and loan profiles of the Credit Union in relation to delinquency.

The Way Forward

In order to achieve the growth and standards the Credit Union is striving for, the Committee wishes to appeal to members to educate themselves on what is being offered at the Credit Union. Members who are experiencing financial difficulty are encouraged to seek advice/counselling from the Society. The Committee will continue to familiarize itself with the policies that govern the Credit Union to ensure that we monitor the transactions of the Credit union. One of the responsibilities of the Committee is to follow up on concerns and queries brought up by you, our members. We encourage you to feel free to contact us with any questions, grievances, observations or recommendations as together we strive to make DECOS an efficient organization.

Conclusion

The Committee wishes to thank staff, management and you the members, for your continued assistance and co-operation in bringing our work into fruition. We wish to thank Mr. Joseph Charles and Ms. Hilanda Leon for their dedication and service

to our Credit Union. Mr. Charles has reached the end of his second term in office, having served as a director during his first term. Ms. Hilanda Leon having served her first term, is eligible for re-election.

We the members of the Supervisory Committee are honoured that the members have put their trust in us. We look forward to continuing our service to you the members of the Dennery Credit Union.

Deborah Charlery

Chairperson

Audit Report and Financial Statements for the Year Ended 31st December 2023

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

DECEMBER 31, 2023

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G.Llewellyn Gill & Co.

Chartered Accountants

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Sans Soucis
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Castries.
Saint Lucia.

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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 2023, 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 2023 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 Society 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 Society or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- o 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.
- o 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.
- o Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- o 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 Society to cease to continue as a going concern.
- o 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.

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
May 27, 2024

A handwritten signature in black ink, appearing to read "E. Hamilton".

Chartered Accountants


DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED


STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and balances with banks (Note 7)	\$ 8,259,741	\$ 10,446,635
Financial assets (Note 8)	10,166,309	9,649,290
Accounts receivable (Note 9)	543,746	52,930
Investments (Note 10)	446,179	444,739
Loans to members (Note 11)	21,886,087	17,367,028
Deferred Building Cost	120,475	120,475
Capital assets (Note 12)	101,479	134,546
TOTAL ASSETS	\$ <u>41,524,016</u>	\$ <u>38,215,643</u>
LIABILITIES		
Accounts payable and accruals (Note 13)	\$ 987,393	\$ 1,096,523
Members withdrawable shares and deposits (Note 14)	<u>33,930,214</u>	<u>31,449,727</u>
Total Liabilities	<u>34,917,607</u>	<u>32,546,250</u>
MEMBERS' EQUITY		
Share Capital (Note 15)	2,128,770	1,904,550
Reserves (Note 19)	2,093,597	1,764,933
Member Funds (Note 20)	147,597	118,650
Retained earnings	<u>2,236,445</u>	<u>1,881,260</u>
Total Members' Equity	<u>6,606,409</u>	<u>5,669,393</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ <u>41,524,016</u>	\$ <u>38,215,643</u>

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, 2023

	<u>2023</u>	<u>2022</u>
SHARE CAPITAL		
Share capital at beginning of year	\$ 1,904,550	\$ 1,732,545
Net shares purchased	<u>224,220</u>	<u>172,005</u>
Share capital at end of year	<u><u>2,128,770</u></u>	<u><u>1,904,550</u></u>
RESERVES		
Statutory reserve		
At beginning of year	1,141,420	961,359
Add : 25% of net surplus for the year	205,196	179,661
Entrance Fees	<u>350</u>	<u>400</u>
At end of year	<u><u>1,346,966</u></u>	<u><u>1,141,420</u></u>
Building reserve		
At beginning of year	623,513	515,716
Add: 15% of net surplus for the year	<u>123,118</u>	<u>107,797</u>
At end of year	<u><u>746,631</u></u>	<u><u>623,513</u></u>
TOTAL RESERVES	<u><u>2,093,597</u></u>	<u><u>1,764,933</u></u>
MEMBER FUNDS		
Development fund		
At beginning of year	118,650	69,218
Add : 10% of net surplus for the year	82,079	71,865
Training expenses for the year	<u>(53,132)</u>	<u>(22,433)</u>
At end of year	<u><u>147,597</u></u>	<u><u>118,650</u></u>
TOTAL MEMBER FUNDS	<u><u>147,597</u></u>	<u><u>118,650</u></u>
UNDIVIDED EARNINGS		
At beginning of year	1,881,260	1,521,938
Total Comprehensive Income for the year	<u>820,785</u>	<u>718,645</u>
	2,702,045	2,240,583
Statutory reserve	(205,196)	(179,661)
Development fund	(82,079)	(71,865)
Building reserve	(123,118)	(107,797)
Dividends and Patronage	<u>(55,207)</u>	<u>-</u>
At end of year	<u><u>2,236,445</u></u>	<u><u>1,881,260</u></u>
MEMBERS' EQUITY, END OF YEAR	<u><u>\$ 6,606,409</u></u>	<u><u>\$ 5,669,393</u></u>

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, 2023**

	<u>2023</u>	<u>2022</u>
INCOME		
Interest on members' loans	\$ 1,712,611	\$ 1,478,898
Interest on fixed and savings deposits	<u>398,652</u>	<u>357,222</u>
	<u>2,111,263</u>	<u>1,836,120</u>
Interest Expense		
Interest and bank charges	14,393	6,048
Members fixed deposit interest	15,219	7,245
Member deposits	<u>469,230</u>	<u>375,271</u>
	<u>498,842</u>	<u>388,564</u>
 Net Interest Income	 1,612,421	 1,447,556
 Provision for Impairment of loans	 (22,145)	 (10,641)
Provision for Impairment of Investments	1,440	(4,440)
CUNA Insurance	(198,195)	(183,216)
Other Income (Note 16)	<u>98,775</u>	<u>77,568</u>
Net Interest and Other Income	<u>1,492,296</u>	<u>1,326,827</u>
 OPERATING EXPENSES		
Advertising and promotions	24,870	19,206
Depreciation	51,152	54,382
Insurance	9,935	9,935
Office supplies and stationery	29,829	33,428
Other expenses (Note 17)	231,614	192,190
Rent	21,600	21,600
Salaries, benefits and allowances	229,653	208,329
Security services	32,900	33,075
Utilities	<u>39,958</u>	<u>36,037</u>
	<u>671,511</u>	<u>608,182</u>
 TOTAL COMPREHENSIVE INCOME for the year	 <u>\$ 820,785</u>	 <u>\$ 718,645</u>

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, 2023

	<u>2023</u>	<u>2022</u>
Cash flows from Operating Activities		
Comprehensive Income for the year	\$ 820,785	\$ 718,645
Add (deduct): charges to income not involving cash		
Depreciation	51,152	54,382
Provision for Impairment of Loans	22,145	10,641
Provision for impairment of Investments	<u>(1,440)</u>	<u>4,440</u>
	892,642	788,108
Net change in non-cash working capital balances related to operations		
(Increase) in accounts receivable	(490,817)	(7,861)
(Increase) in short-term investments	(517,018)	(1,808,947)
(Increase) in loans to members	(4,541,204)	(1,618,893)
Increase in members fixed and other deposits	2,480,487	3,428,925
(Decrease)/increase in accounts payable and accruals	<u>(109,130)</u>	<u>635,802</u>
Net cash flow provided by operating activities	<u>(2,285,040)</u>	<u>1,417,134</u>
Cash flows from Investing Activities		
Purchase of fixed assets	<u>(18,085)</u>	<u>-</u>
Net cash flow (used in) investing activities	<u>(18,085)</u>	<u>-</u>
Cash flows from Financing Activities		
Dividends paid	(55,207)	-
Payments from development fund	(53,132)	(22,433)
Increase in members' shares	224,220	172,005
Entrance fees	<u>350</u>	<u>400</u>
Net cash flow provided by financing activities	<u>116,231</u>	<u>149,972</u>
INCREASE IN CASH	(2,186,894)	1,567,106
CASH AND CASH EQUIVALENTS, beginning of year	<u>10,446,635</u>	<u>8,879,529</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 8,259,741</u>	<u>\$ 10,446,635</u>

The accompanying notes form an integral part of these statements.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

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 Society 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 (ECDS)

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 25 (b).

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL ASSETS

Financial Assets - 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 assets

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets 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 measured and classified at amortised cost

The Society classifies financial assets or financial liabilities at amortised cost if it is held within its business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

Financial assets measured at fair value through other comprehensive income

A debt instrument shall be measured at fair value through other comprehensive income if it is held in a business model whose objective is both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. The society did not hold any such assets at December 31, 2023.

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.

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.

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.

Under IFRS 9 which became effective on January 1, 2018, new impairment requirements require the use of an expected credit loss model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

Recognition of Revenue

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. As regards the society, 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.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

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.

New standards and revisions issued and effective for the financial year beginning January 1st, 2023.

IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)

IAS 17 - Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

Annual Improvements to IFRS Standards 2018-2020 - Standards Amended IFRS 1, IFRS 9, IFRS 16 and IAS 41.

IAS 16 – Property, Plant and Equipment

This amendment addresses Proceeds before Intended Use and prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceed and related cost in profit or loss.

IAS 17 - Onerous Contracts

This amendment specifies that the 'cost of fulfilling ' a contract comprises the 'costs that relate directly to the contract'.

Annual Improvements to IFRS's 2018 to 2020 Cycle was issued in May 2020.

IFRS 1 - First time adoption of International Financial Reporting Standards - This relates to a Subsidiary as a First time Adopter.

IFRS 9, Financial Instruments – Fees in the "10 percent" test for derecognition of financial liabilities

IAS 16 - as above and

IAS 41 Agriculture - Taxation in fair value Measurements

There are no other IFRS or IFRIC interpretations that are not yet effective and expected to have a material impact on the financial statements of the Credit Union.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

Early adoption of standards

The Society did not early-adopt any new or amended standards in 2023.

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 May 27, 2024.

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

	<u>2023</u>	<u>2022</u>
BOSL - Operating Account	\$ 1,955,858	\$ 5,068,089
Ist National Bank - Savings Account	5,528,835	4,602,913
Republic Bank - Savings Reserve	<u>775,048</u>	<u>775,633</u>
	<u>\$ 8,259,741</u>	<u>\$ 10,446,635</u>

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

8. FINANCIAL ASSETS

	<u>2023</u>	<u>2022</u>
Certificate of deposits	\$ 6,077,656	\$ 5,242,444
Deposits with League	647,837	631,166
Treasury Bills and Treasury Notes	<u>3,440,816</u>	<u>3,775,680</u>
	<u>\$ 10,166,309</u>	<u>\$ 9,649,290</u>

The Certificate of deposits and Savings at Republic Bank EC 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 1.25% to 6.25%.

9. ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
ECHMB receivable	\$ 500,000	\$ -
Other	<u>43,746</u>	<u>52,930</u>
	<u>\$ 543,746</u>	<u>\$ 52,930</u>

10. INVESTMENTS

	<u>2023</u>	<u>2022</u>
Financial assets measured at fair value through profit and loss		
Eastern Caribbean Financial Holdings Ltd		
2023 - 12,000 shares (2022 - 12,000 shares)	\$ 45,000	\$ 43,560
1st National Bank Shares, 20,000 shares	200,000	200,000
St Lucia Co-operative League - Shares	200,050	200,050
Dennery Fishermen's Co-operative Society	<u>1,129</u>	<u>1,129</u>
	<u>\$ 446,179</u>	<u>\$ 444,739</u>

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

11. LOANS TO MEMBERS

	<u>2023</u>	<u>2022</u>
Personal Loans	\$ 9,865,306	\$ 9,360,987
Others	4,043,753	3,265,805
Mortgage Loans	<u>8,797,509</u>	<u>5,538,572</u>
	22,706,568	18,165,364
Provision for Impairment of Loans	<u>(820,481)</u>	<u>(798,336)</u>
	<u>\$ 21,886,087</u>	<u>\$ 17,367,028</u>
Provision for Impairment of Loans		
Balance at beginning of year	\$ 798,336	\$ 876,554
Charges for the year	104,059	10,631
Write Offs/Recoveries	<u>(81,914)</u>	<u>(88,849)</u>
Balance at end of year	<u>\$ 820,481</u>	<u>\$ 798,336</u>

The Society uses the IFRS 9 module in the Emortelle accounting system to calculate expected credit losses. This module is linked to the arrears management listing and is updated periodically by the adoption of a loan granting and review process which updates the client risk profile with the members' personal information, customer factors, business factors and geographical factors.

The loan loss provision at December 31, 2023 is as follows:
IFRS 9 \$ **820,481** (December 31, 2022 - \$ 798,336)

	Stage 1 Provision 12 month Performing	Stage 2 Provision lifetime ECL under Performing	Stage3 Provision Lifetime ECL Credit impaired	Total
Expected credit allowance as at December 31,2021	125,518	6,231	744,805	876,554
Credit Loss expenses/(recoveries)	24,068	1,777	(104,063)	(78,218)
Expected credit allowance as at December 31 2022	149,586	8,008	647,420	798,336
Credit loss Expenses/(recoveries)	53,551	3,103	(34,510)	22,145
Expected credit allowance as at December 2023	203,138	11,111	606,232	820,481

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

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In Accordance with Regulation 30 (1) of the Cooperative Societies Act Chapter 12.06. the Value of delinquent loans and their exposure are as follows:

Duration of period of overdue loans	Delinquent loans	Collateral	Net Delinquent Loans	Percentage of outstanding loan balance that is deemed loss expose	Provisions
3 months but less than 6 months	303,838	172,245	131,593	25%	32,898
6 months but less than 9 months	156,345	80,750	75,595	50%	37,797
9 months but less than 1 year	149,684	84,746	64,937	75%	48,703
1 year and over	1,734,959	1,203,007	531,953	100%	531,952
Total	2,344,826	1,540,749	804,077		651,350

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

12. PROPERTY, PLANT & EQUIPMENT

	<u>2021</u>			<u>2022</u>
	<u>Year End</u>	<u>Additions</u>	<u>Disposals</u>	<u>Year End</u>
Cost				
Land	\$ 48,496	\$ -	\$ -	\$ 48,496
Furniture & Equipment	226,314	-	-	226,314
Leasehold improvements	<u>60,647</u>	<u>-</u>	<u>-</u>	<u>60,647</u>
	<u>335,457</u>	<u>-</u>	<u>-</u>	<u>335,457</u>
Depreciation				
Furniture & Equipment	143,183	34,369	-	177,552
Leasehold improvements	<u>3,346</u>	<u>20,013</u>	<u>-</u>	<u>23,359</u>
	<u>146,529</u>	<u>34,369</u>	<u>-</u>	<u>200,911</u>
Net book value	<u>\$ 188,928</u>			<u>\$ 134,546</u>
	<u>2022</u>			<u>2023</u>
	<u>B/forward</u>	<u>Additions</u>	<u>Disposals</u>	<u>C/forward</u>
Cost				
Land	\$ 48,496	\$ -	\$ -	\$ 48,496
Furniture & Equipment	226,314	18,085	-	244,399
Leasehold improvements	<u>60,647</u>	<u>-</u>	<u>-</u>	<u>60,647</u>
	<u>335,457</u>	<u>18,085</u>	<u>-</u>	<u>353,542</u>
Depreciation				
Furniture & Equipment	177,552	31,139	-	228,703
Leasehold improvements	<u>23,359</u>	<u>20,013</u>	<u>-</u>	<u>23,359</u>
	<u>200,911</u>	<u>51,152</u>	<u>-</u>	<u>252,062</u>
Net book value	<u>\$ 134,546</u>			<u>\$ 101,480</u>

13. ACCOUNTS PAYABLE AND ACCRUALS

	<u>2023</u>	<u>2022</u>
Member deposits and withdrawable shares interest	\$ 54,070	\$ 279,683
Dennery Fishermen's Co-operative	337,520	220,135
Eastern Caribbean Home Mortgage Bank (ECHMB)	500,000	500,000
Accruals and sundry payables	<u>95,803</u>	<u>96,705</u>
	<u>\$ 987,393</u>	<u>\$ 1,096,523</u>

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

14. MEMBERS' WITHDRAWABLE SHARES AND DEPOSITS

	<u>2023</u>	<u>2022</u>
Opening balance of withdrawable shares	\$ 20,515,725	\$ 18,293,970
Additions	<u>5,469,924</u>	<u>6,333,345</u>
	25,985,649	24,627,315
Withdrawals	<u>(4,113,847)</u>	<u>(4,111,590)</u>
Closing balance of withdrawable shares	21,871,802	20,515,725
Member deposits	<u>12,058,412</u>	<u>10,934,002</u>
	<u><u>\$ 33,930,214</u></u>	<u><u>\$ 31,449,727</u></u>

Interest paid on withdrawable shares for 2023 - 1.87% (2022 - 1.0%)

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

	<u>2023</u>	<u>2022</u>
Dividends received	\$ 4,001	\$ 4,001
Commissions	31,873	18,565
Loan fees and service fees	21,768	5,925
Foreign exchange	17,133	25,077
Management fee	<u>24,000</u>	<u>24,000</u>
	<u><u>\$ 98,775</u></u>	<u><u>\$ 77,568</u></u>

17. OTHER EXPENSES

	<u>2023</u>	<u>2022</u>
Annual general meeting	\$ 16,347	\$ 7,975
ATM expenses	21,474	22,067
Audit fees	28,614	24,750
Board and Committee expenses	15,036	25,502
Credit Union day activities	3,778	1,825
Donations	18,226	11,374
Honorarium	26,720	20,000
League dues	33,000	29,700
Legal and professional fees	21,110	19,060
Repairs and maintenance	30,350	18,062
Scholarships	<u>16,959</u>	<u>11,875</u>
	<u><u>\$ 231,614</u></u>	<u><u>\$ 192,190</u></u>

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

18.SENIOR MANAGEMENT COMPENSATION

	<u>2023</u>	<u>2022</u>
Senior management compensation	\$ <u>112,635</u>	\$ <u>96,350</u>

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%. In addition there is a Building Reserve with an appropriation of 15% of net income for the year.

20.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 income for the year as follows:

Development fund - 10%

21.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, 2023 were as follows:

	<u>2023</u>	<u>2022</u>
Loans	\$ 585,323	\$ 608,796
Shares and Deposits	\$ 502,716	\$ 321,506

22.COMMITMENTS

The Dennery Community Credit Co-operative Society Limited has a commitment for its current accommodation of a monthly payment of \$ 1,800; (\$ 21,600 annually). The Society agreed at its AGM in 2020 to proceed with the construction of a new building to house the Society, which will replace an existing structure owned by the Society. The Old Building was demolished in 2021,

23.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:
\$ 365,109 (2022- \$ 108,480)

24.LEGAL CLAIMS

There were no Legal Claims against the Society at December 31, 2023.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

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 Society is exposed to a variety of Credit, Liquidity and Market Risk as well as other Operational and Business Risks. The society seeks to minimize the effect that these risk will pose to the Business. The society'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 Society. All treasury transactions are reported to and approved by the Directors.

(a) Credit risk

Credit risk is the risk that the Society will incur a loss because its members or counterparties fail to discharge their contractual obligations. The Society 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 Society 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 Society 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 society 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 society's portfolio.

The Maximum Exposure to Credit Risk is as follows:

	December 31, 2023	December 31, 2022
Cash Balances with Banks	\$ 8,259,741	\$ 10,446,635
Investments, Loans and receivables	10,612,488	10,094,030
Trade and other Receivables	543,746	52,930
Loans to members	<u>21,886,087</u>	<u>17,367,028</u>
	41,302,062	37,960,623
Less Loan Commitments	<u>(365,109)</u>	<u>(108,480)</u>
	<u>\$ 40,936,953</u>	<u>\$ 37,852,143</u>

(b) Liquidity risk

Liquidity risk is defined as the risk that the Society 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 Society 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 Society on acceptable terms. The Society has developed internal control processes and contingency plans for managing liquidity risk.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

The following table presents an aging of current assets and liabilities of the Society for 2023

DECEMBER 31, 2023

	Up to 1 year	Beyond 1 year	Total
Current Assets			
Cash	\$ 8,259,741	\$ -	\$ 8,259,741
Held to Maturity Investments	8,852,309	1,314,000	10,166,309
Accounts receivable	543,740	-	543,740
Loans to members	<u>5,471,522</u>	<u>16,414,566</u>	<u>21,886,088</u>
	<u>23,127,312</u>	<u>17,728,566</u>	<u>40,855,878</u>
Current Liabilities			
Accounts Payable and Accruals	987,394	-	987,394
Members deposits	12,058,414	-	12,058,414
Members withdrawable shares	<u>6,561,541</u>	<u>15,310,261</u>	<u>21,871,802</u>
	<u>19,607,349</u>	<u>15,310,261</u>	<u>34,917,610</u>
Net Position	\$ <u>3,519,963</u>	\$ <u>2,418,305</u>	\$ <u>5,938,268</u>

DECEMBER 31, 2022

	Up to 1 year	Beyond 1 year	Total
Current Assets			
Cash	\$ 10,446,635	\$ -	\$ 10,446,635
Held to Maturity Investments	8,849,291	800,000	9,649,291
Accounts receivable	52,924	-	52,924
Loans to members	<u>4,341,757</u>	<u>13,025,271</u>	<u>17,367,028</u>
	<u>23,690,607</u>	<u>13,825,271</u>	<u>37,515,878</u>
Current Liabilities			
Accounts Payable and Accruals	1,096,524	-	1,096,524
Members deposits	10,934,004	-	10,934,004
Members withdrawable shares	<u>6,154,718</u>	<u>14,361,008</u>	<u>20,515,726</u>
	<u>18,185,246</u>	<u>14,361,008</u>	<u>32,546,254</u>
Net Position	\$ <u>5,505,361</u>	\$ <u>(535,737)</u>	\$ <u>4,969,624</u>

(c) 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 Society 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 rates for 2023 ranged from 1.25% to 6.25%.

The society 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.

DENNERY COMMUNITY CREDIT CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

(d) 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 Society 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.