



CEMCU

CREDIT UNION

CO-OPERATIVE SOCIETY LIMITED



ANNUAL REPORT 2020

Empowering Our Members
To Attain Financial Independence



#STAY SAFE #VACCINATE TO OPERATE

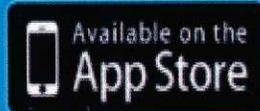


CEMCU Credit Union
Co-operative Society Ltd.

Welcome to the Cemcu Smart App

Introducing the Cemcu Mobile App

CEMCU's new and robust Mobil App, is designed to assist all our members engage in simply online business support + so much more. The Mobile application was developed to literally bring suitable



App Features

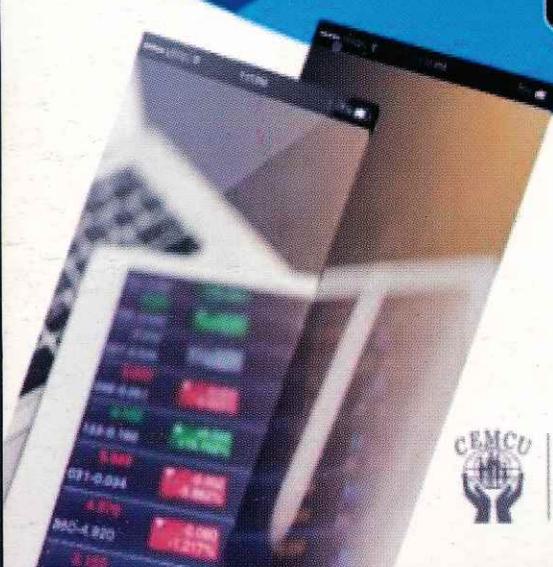
- Check Balances
- Pay Bills
- Real time email of requests
- Transfer of Funds
- Account Activity
- Mobile Top Up
- Pay Loans
- Request Letters



HELPING OUR
MEMBERS ADJUST
IN THIS NEW NORMAL

SIGN UP TODAY: **+868. 659.3823**

Email: cemcuiinformation@gmail.com



CEMCU'S VISION

"To remain the premier Credit Union Co-operative Society in Trinidad and Tobago"

CEMCU'S MISSION

"To empower our members to attain financial Independence and security consistent with being a good co-operative citizen"



TABLE OF CONTENTS

<i>Notice</i>	1
<i>Agenda</i>	2
<i>Standing Order</i>	3
<i>Guide to Your Responsibility at AGM</i>	4
<i>Minutes of the Annual General Meeting</i>	5
<i>Board of Directors Report</i>	19
<i>Credit Committee Report</i>	28
<i>Supervisory Committee Report</i>	32
<i>Education Committee Report</i>	35
<i>Financial Statement</i>	37
<i>Projected Income and Expenditure</i>	71
<i>Resolutions</i>	72
<i>Code of Ethics</i>	73



CEMCU Credit Union Co-operative Society Limited

43 Southern Main Road, Plaisance Village, Pointe-A-Pierre, Trinidad W.I.

ANNUAL GENERAL MEETING

NOTICE is hereby given that the 66th Annual General Meeting of CEMCU Credit Union Cooperative Society Limited will be convened virtually as follows:

DATE : **FRIDAY, 6TH AUGUST 2021**
TIME : **4.15 P.M.**
VIRTUAL PLATFORM : **ZOOM**

The purpose of the meeting is:

1. To receive and confirm Minutes of the 65th Annual General Meeting held on 26th February 2021.
2. To receive and adopt Reports of the Board of Directors, Supervisory Committee, and Credit Committee for year ending 31st December 2020.
3. To present and accept the Auditors' Report for year ended 31st December 2020.
4. To present and accept the Financial Statements for year ended 31st December 2020.
5. To approve the 2021 Budget.
6. To approve Resolutions.
7. To present and accept the Nominations Committee Report.
8. To elect Board and Committee members.
9. To transact any other business that may be properly brought before the meeting.

REGISTRATION

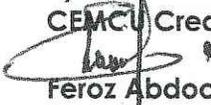
Members wishing to attend the AGM **MUST** pre-register via the following link:

<https://form.jotform.com/211882051809860>

Registration closes at 4.00 pm on **FRIDAY 23rd July 2021**.

The AGM is a membership forum, as such only registered bona fide members would be allowed to attend the meeting, with the exception of guests specially invited by the Board of Directors.

By Order of the Board of Directors
CEMCU Credit Union Co-operative Society Limited


Feroz Abdool
Secretary
9th July 2021

Tel: (868) 659-0436. (868) 659-3823. Fax: (868) 659-0436
Email: cemcuintformation@gmail.com • Website: www.cemcu.com

AGENDA

1. **National Anthem of the Republic of Trinidad and Tobago**
2. **Invocation – Credit Union Prayer**
3. **Call to Order**
 - [a] Notice Convening the Meeting
 - [b] Adoption of Standing Orders
4. **President's Address**
5. **Minutes**
 - [a] Motion that Minutes, Statement of Accounts and Other Reports be taken as read.
 - [b] Confirmation of Minutes of the 65th Annual General Meeting and matters arising
6. **Reports**
 - [a] Board of Directors Report
 - [b] Credit Committee Report
 - [c] Supervisory Committee Report
 - [d] Education Committee Report
7. **Auditor's Report and Financial Statements 2020**
 - [a] Auditor's Report
 - [b] Financial Statements
8. **Budget 2021**
9. **Resolutions**
 - [a] Appointment of Auditor
10. **Election of Officers**
 - [a] Nominations Committee Report
 - [b] Elections :
Supervisory Committee
Credit Committee
Board of Directors
11. **Other Business**
 - [a] Transaction of Other Business, properly brought before the meeting
12. **Closure**

STANDING ORDERS

1. (a) A member must stand when addressing the Chair.
(b) Speeches shall be clear and relevant to the subject before the meeting.
2. A member shall address the meeting when called upon by the Chairman to do so, after which he shall immediately take his seat.
3. No member shall address the meeting except through the Chairman.
4. A member may not speak twice on the same subject, except:-
 - (a) As a mover of the motion, who has the right to reply.
 - (b) He/She rises to object or to explain (with the permission of the Chair).
5. No speeches shall be made after the "question" has been put and carried or negated.
6. The mover of a "procedural motion" (adjournment, lay on the table motion to postpone) shall have no right to reply.
7. A member rising on a "Point of order" shall state the point clearly and concisely. (A point of order must have relevance to the Standing Order).
8. a) A member shall not "call" another member "to order" but may draw the attention of the Chair to a "breach of order".
b) On no account can a member call the Chair "to order".
9. Only one amendment shall be before the meeting at one and the same time.
10. When a motion is withdrawn, any amendment to it fails.
11. The Chairman shall have the right to a casting vote.
12. If there is an equality of voting on an amendment, and if the Chairman does not exercise his casting vote, the amendment is lost.
13. Provisions should be made for protection by the Chairman from vilification – (personal abuse).
14. No member shall impute improper motives against another.

A Guide to Your Responsibility at the Annual General Meeting

YOU ARE ONE OF THE OWNERS

It is this way by law. You and your fellow members own the Credit Union and you control it too.

YOUR QUESTIONS ARE IMPORTANT

As a member-owner, you have the right to know about the Credit Union. Your questions are important and are always welcome.

YOUR VOTE IS IMPORTANT

Your vote helps to select the officers who must also be members of your Credit Union. They fit the policies within the limits of the law, and provide important leadership. Certain major actions of the Credit Union must be approved by a vote of the general membership.

YOUR SUGGESTIONS ARE IMPORTANT

The Credit Union exists for one purpose only – **Service to its Members.** Your suggestions on how the service can be improved are important and will always be given full consideration.

YOUR ASSISTANCE IS VALUED

If you are asked to serve as an officer or as a committee member, accept if possible. A Credit Union is really about – **PEOPLE HELPING PEOPLE** – we depend on the volunteers who agree to assist us.

MINUTES OF THE 65th ANNUAL GENERAL MEETING OF CEMCU CREDIT UNION COOPERATIVE SOCIETY LIMITED, HELD AS A HYBRID MEETING, CASTED FROM THE CARA SUITES CONFERENCE CENTRE, SOUTHERN MAIN ROAD, CLAXTON BAY, ON FRIDAY, 26TH FEBRUARY 2021, AT 4.15. P.M.

At the start of the meeting thirty-four [34] members were present.

1.0 CALL TO ORDER

The President, Ms. Cheryl Gransauil, called the meeting to order at 4.21 p.m. A quorum was present in accordance with Bye Law No. 21, Quorum at Meetings. Members stood for the singing of the National Anthem.

2.0 INVOCATION

The Credit Union prayer was recited, and a minute's silence was observed for departed members and CEMCU's past President, Mr. Harry Garibsingh, who died on 16th August 2020.

3.0 NOTICE OF MEETING

Notice convening the meeting was read by the Secretary, Mr. Feroz Abdool.

4.0 MOTIONS

4.1 ANNUAL REPORT

Ms. Gransauil moved that the 2019 Annual Report be taken as read. The motion was seconded by Ms. Maxine Charles and all present voted in favour.

4.2 STANDING ORDERS

Ms. Gransauil moved that the Standing Orders be adopted. The motion was seconded by Mr. Taurean Dassyne and all present voted in favour.

5.0 RESOLUTIONS FOR AMENDMENT[S] TO EXISTING BYE LAWS

The Board of Directors hereby recommends the following resolutions for your consideration and acceptance:

5.1 Resolution #1: Amendment to Bye Law 23 Board of Directors, Section (d) Meetings of the Board

Whereas the Board of Directors of CEMCU Credit Union Cooperative Society Limited has reviewed the existing Bye Law No. 23 [d],

And Whereas all the amendments to CEMCU's bye laws are in line with the amendments made to the Co-operative Society's Act and recommendations made by the Commissioner for Co-operative.

BE IT RESOLVED that Bye Law No.23 Board of Directors, Section (d) which states :

“[d] The Board shall meet as often as the business of the Society may require but not less than once each month. At all meetings of the Board, seven members shall constitute a quorum.”

be amended to read :

“[d] The Board shall meet as often as the business of the Society may require but not less than once each month. At all meetings of the Board, seven members shall constitute a quorum.”

[1] Board meetings can also be held in a virtually or in a hybrid manner (virtual and in person) whenever necessary, on the days and times agreed by the Board. The Minutes of the meeting shall be used as the evidence of completion and attendance.”

Be it further resolved that this Annual General Meeting held on 26th February 2021, hereby accepts the recommendation from the Board of Directors of CEMCU Credit Union Cooperative Society Limited, that Bye law No. 23, Section [d] be amended to include sub-section [1].

Moved by: Mrs. Cheryl Gransauil

Seconded by : Mr. Hugh Griffith

Number of Members Present: Thirty-four [34]

Number of Members in Favour: Twenty-eight [28]

Number of Members Against: NIL

Number of Members Abstained: Six [6]

Dated: 26TH February 2021

5.2 Resolution #2: Amendment to Bye Law 19, General Meetings, Section [b]

Whereas the Board of Directors of CEMCU Credit Union Cooperative Society Limited has reviewed the existing Bye Law No. 19, General Meetings, Section [b].

And Whereas all the amendments to CEMCU's bye laws are in line with the amendments made to the Co-operative Society's Act and recommendations made by the Commissioner for Co-operative.

BE IT RESOLVED that Bye Law 19, General Meetings, Section [b] which states :

"[b] The Annual General meeting shall be convened by the board not later than one month or such period as specified by law, after a report on the audit of the accounts of the Society is received by the Board. At least seven [7] days' notice shall be given to all members. The notice shall state the date, time and venue of the meeting and the business to be transacted thereat."

Be amended to read:

"[b] The Annual General meeting of the society, of which at least seven (7) days' notice shall be given to the members, shall be convened by the Board not later than three (3) months after the report on the audit of the accounts of the society is received by the Board. The Annual General Meeting shall be held in any of the following manners: - Physically (person to person) - Virtually (Digital media) - Hybrid (combination of in-person and virtual)."

BE IT FURTHER RESOLVED that this Annual General Meeting held on 26th February 2021, hereby accepts the recommendation from the Board of Directors of CEMCU Credit Union Cooperative Society Limited, to amend Bye Law No. 19, General Meetings, Section [b].

Moved by: Mrs. Cheryl Gransauil

Seconded by: Mr. Hugh Griffith

Number of Members Present: Thirty-four [34]

Number of Members in Favor: Twenty-eight [28]

Number of Members Against: NIL

Number of Members Abstained: Six [6]

Dated: 26TH February 2021

5.3 Resolution #3 - Bye Law Amendment - Bye Law 48 Audit:

Whereas the Board of Directors of CEMCU Credit Union Cooperative Society Limited has reviewed the existing Bye Law No. 48, Audit, to include Section [c],

And whereas all the amendments to CEMCU's bye laws are in line with the amendments made to the Co-operative Society's Act and recommendations made by the Commissioner for Co-operative.

BE IT RESOLVED that Bye Law 48, AUDIT, be amended to include Section (c) which reads:

"The Board shall ensure that the Society's accounts are audited within four (4) months after the close of the financial year."

BE IT FURTHER RESOLVED that this Annual General Meeting held on 26th February 2021, hereby accepts the recommendation from the Board of Directors of CEMCU Credit Union Cooperative Society Limited, to amend Bye Law No. 48, Audit to include Section [c].

Moved by: Mrs. Cheryl Gransaul

Seconded by : Mr. Hugh Griffith

Number of Members Present: Thirty-four [34]

Number of Members in Favour: Twenty-eight [28]

Number of Members Against: NIL

Number of Members Abstained: Six [6]

Dated: 26TH February 2021

6.0 PRESIDENT'S ADDRESS

Mrs. Cheryl Gransaul, President, applauded and expressed her appreciation to members who registered and were virtually connected to the meeting. She welcomed and acknowledged specially invited guests, Mr. Ravi Diptee, Attorney at Law, Mr. Favion Taylor, representative of External Auditors, I.A.ALI and Associates, and representatives from the office of the Commissioner for Cooperatives, Mr. Ronne Anderson, and Ms. Shelly Charles-Williams.

Mrs. Gransaul paid tribute to her predecessor, Mr. Harry Garibsingh, who served as President up until he passed away on 16th August 2020. She saluted Mr. Garibsingh for his honesty, transparency, and commitment to the progress of CEMCU. She stated that Mr. Harry Garibsingh will be remembered as a true stalwart in the history of CEMCU.

The Year 2019 was a challenging year for CEMCU. Interest income declined by 22%, members' loans declined by 12% and members' shares declined by 8%. Factors contributing to the decline were, continued retrenchment of CEMCU's members who worked at TCL, ultimately affected loans, loan repayments and, members' share status. CEMCU also faced the challenge of addressing the proper implementation of Accounting Standard IFRS-9.

The President gave the meeting the assurance that strategic plans were afoot to increase the operations at CEMCU. She also committed to continue discussions with the Commissioner for Cooperatives and the Auditors to address the IFRS-9 issues in the 2020 financial year.

On a positive note, some of CEMCU's achievements in 2019, were highlighted; in particular, the increase in fixed investment income by 192% compared to 2018. That increase, stabilized the total income for 2019 and enhanced CEMCU's financial position and cushioned the decrease in CEMCU's interest income.

Mrs. Gransaul added that with the decline in the country's economy due to the Covid-19 pandemic, CEMCU began initiating new and innovative ways to provide better and more efficient service to all its members. She announced that CEMCU's Mobile App was launched that week and access to the App was ready and available to all members to conduct business with CEMCU at the tip of their fingers via the Mobile App on their mobile phones.

In closing Mrs. Gransaul quoted CEMCU's Mission – "to empower our members to attain financial independence and security consistent with being a good cooperative citizen."

7.0 MINUTES

7.1 Confirmation of Minutes of CEMCU's 64th Annual General Meeting

Minutes of the 64th Annual General Meeting were confirmed subject to corrections, on a motion moved by, Mrs. Cheryl Gransaul, seconded by Ms. Maxine Charles and unanimously approved.

7.2 Business Arising

7.2.1 Correction to Minutes

Mr. Clyde Charles referred to Page 7, item 7.2.1 "Omission in Minutes".

Mr. Charles stated that he wanted to clear up item 7.2.1. He then reminded members that at the 2019 AGM, Dr. Elias had walked up to the microphone and lied and said that he [Clyde Charles] said "*people thieving in the Credit Union*".

Mr. Charles stated that he wanted the words in that paragraph which stated, "money was moved", to be changed to "money was *thieved*".

Mr. Charles also asked that the second paragraph which states "Mr. Charles stated that he did not remember making such a statement", be corrected to read "Mr. Charles said he never remembered using the word "thief" re the Credit Union."

Dr. Elias responded to Mr. Charles's statements by stating that he would not sit and have Mr. Charles make comments about him again. Dr. Elias also requested to have a copy of the video recording of the current AGM.

The President noted Mr. Clyde Charles's and Dr. Elias's statements and requests.

8.0 REPORTS

8.1 Board of Directors' Report

Mrs. Cheryl Gransaul took the meeting through the Board Report. The report highlighted the flat economic activity in Trinidad and Tobago and its effect on CEMCU.

In 2019 CEMCU again faced challenges of increased loan delinquency, which to a greater extent, was due to continued retrenchment of Cemcu members who were employed at Trinidad Cement Limited and its subsidiaries.

Disputes referred to the Commissioner for Cooperatives consequently increased. The increase further delayed CEMCU's long wait for disputes, awaiting hearing and/or judgement or sitting at the Court, to be dealt with.

The Board initiated managing the delinquency situation by establishing a Board sub-committee to deal with delinquency. The delinquency Board sub-committee together with the Management embarked on a robust drive to control the

delinquency situation and introduced various approaches; one of which was, to meet with delinquent members and discuss and initiate methods/arrangements to address each delinquent member's situation, which would result in the benefit of the member and CEMCU.

Acceptance of the Board of Directors report was moved by Mr. Hugh Griffith seconded by Mr. Jaisimha Singh and, all were in favour.

8.2 Credit Committee Report

Mr. Jaisimha Singh, Chairman of the Credit Committee, presented the report.

The Meeting noted the report.

Acceptance of the Credit Committee report was moved by Mrs. Cheryl Gransaul and seconded by Dr. Anthony Elias. All were in favour.

8.3 Supervisory Committee Report

Mr. Burt Gransaul, Chairman of the Supervisory Committee presented the report.

The meeting noted the report, and no questions were asked.

Mr. Gransaul thanked the Board, Management and Staff, his fellow committee members, and the membership for their support during the Committees term of office.

Acceptance of the Supervisory Committee's report was moved by Mr. Robert Balgobin, seconded by Ms. Maxine Charles, and accepted by all.

8.4 Education Committee Report

Ms. Maxine Charles, Education Committee Secretary, presented the Education Committee Report.

The meeting noted the report.

Acceptance of the Education Committee's report was moved by Mr. Chandrasain Ramsingh, seconded by Mr. Clarence Badoo, and accepted by all.

9.0 AUDITORS REPORT

Mr. Favion Taylor, representative of I. A. Ali and Associates, External Auditors for CEMCU, read the Auditor's Report.

Mr. Taylor presented the Auditor's Report re CEMCU's financial statements as at December 31, 2019. On a motion moved by Mr. Hugh Griffith, seconded by Dr. Candice Gransaul, the Auditors' report was accepted, unanimously.

10.0 FINANCIAL STATEMENTS

1. Financial Statements for the Year Ended 31st December 2019

The Manager, Mr. Darren Singh, presented the financial statements for year ended 31st December 2019. The Financials were presented, page by page, and the Manager invited questions.

Dr. Anthony Elias referred to Page 42, Statement of Comprehensive Income, Sub-heading, Income, Income from investments, Year-2018:\$637,885, Year-2019: \$1,864.926.

Dr. Elias pointed out that the Statement of Comprehensive Income shows that income from investment moved from \$637,885 to \$1,864.926. He commented that if there were no investments, CEMCU would not have made any kind of money to be able to pay a dividend. He highlighted that without investments not only CEMCU, but all Credit Unions would be in serious trouble. He referred to the subject period which shows CEMCU's income from interest on loans went down by over \$1M. He added that CEMCU's income for 2020 would be the same and 2021 would be even worse.

Dr. Elias referred to CEMCU's gains re KSMB Asset Management -US\$ Bond Investment. He then referred to a technical loss of approximately \$2M which some years prior was caused by CEMCU's then Treasurer, who refused to execute the orders of the Board to invest in KSMB Asset Investment US\$ Bond. He noted that the Treasurer at that time, had indicated that he did not believe in investing and chose his personal interest over the good of CEMCU.

Dr. Elias advised the meeting that selection of people to serve on the Board and Committees is critical. Persons selected need to work for the benefit of the Credit Union and not their own personal interest.

Mr. Singh thanked Dr. Elias for his contribution.

Adoption of the Financial Statements was moved by Mr. Robert Balgobin, seconded by Mr. Taurean Dassyne, and was accepted unilaterally.

2. Projected Income and Expenditure Statement-2020

The Manager, Mr, Darren Singh, presented the Projected Income and Expenditure statement 2020.

Acceptance of the Projected Income and Expenditure statement 2020 was moved by Mr. Brandon Gransaul, seconded by Mrs. Zahirah Mohammed, and accepted by all.

10.0 RESOLUTIONS

The Board of Directors recommended the following Resolutions:

10.1 Dividends

On a motion moved by Mr. Chandrasain Ramsingh and seconded by Ms. Charlene Sogren, the meeting unanimously approved the following resolution:

"Be it resolved that a dividend of 3% totaling the sum of \$1,755,000.00 be paid on shares of those persons who are members as at December 31, 2019.

Be it further resolved that the said Dividend will be distributed with a maximum of 3% paid out in cash. If any member choses to receive less than 3% in cash, the remainder will be deposited to their Shares, except for delinquent members where all dividends shall be applied to their outstanding interest and principal in that order."

10.2 Appointment of Auditor

On a motion moved by Dr. Anthony Elias and seconded by Mr. Dexter East, the meeting approved the following resolution:

"Be it RESOLVED that the firm I.A. Ali and Associates, be appointed as Auditors for the financial year 2020."

11.0 ELECTION OF OFFICERS

11.1 Nominations Committee Report

Mrs. Cheryl Gransauil invited Ms. Maxine Charles, Chairperson of the Nominations Committee, to present the Nominations Committee report.

Ms. Charles presented the report. She stated that the Nominations Committee interviewed twenty-one persons and the following nominees were found eligible to serve as Officers, having met the criteria as reflected in the policy.

The underlisted nominees were recommended by the Nominations Committee to serve as Officers as listed below:

Supervisory Committee

Mr. Herman Atherton

Mr. Kenny Mohammed

Mr. Burt Gransauil

Mr. Sham Hosein

Mr. Nigel Ifill

Ms. Fawn Deomansingh [requested to be an Alternate]

Mr. Francis Daniel [requested to be an Alternate]

Credit Committee

Mr. Lawrence Paul

Mr. Ganesh Gocool

Mr. Jaisimha Singh

Mr. Marlon Samuel [requested to be an Alternate]

Mr. George John [requested to be an Alternate]

Board of Directors

Mrs. Cheryl Gransauil - 3-year term

Mr. Dexter East - 3-year term

Mr. Feroz Abdool - 3-year term

Ms. Hugh Griffith - 3-year term

Ms. Charlene Sogren [requested the 2-year term]

Ms. Arlene Campbell [requested to be an Alternate]

Ms. Fazeeda Hosein [requested to be an Alternate]

11.2 Acceptance of the Nominations Committee Report

The Nominations Committee report was accepted unanimously, on a motion moved by Mr. Brandon Gransauil, seconded by Mr. Clarence Bando.

11.3 Credentials Report

Mr. Feroz Abdool, noted that there were thirty-four members present.

11.4 Election of Officers

Mrs. Cheryl Gransaul hande over the chair to Mr. Ronne Anderson, Representative of the Office of the Commissioner for Cooperatives. hosting Mr. Anderson congratulated CEMCU on holding a hybrid AGM, despite the numerous challenges associated with the Covid-19 pandemic over the year 2019 into 2020.

He recognized the meeting's unanimous acceptance of the Nominations Committee Report with the recommendations for filling of the vacant positions on the Committees and Board of Directors.

Mr. Anderson stated that the number of eligible nominees recommended by the Nominations Committee and accepted by the meeting, were enough to ensure a properly constituted Supervisory Committee, Credit Committee and Board of Directors.

Mr. Anderson, on behalf of the Commissioner for Cooperative Society Division validated the Nomination Committee's Report with its recommendations for the nominees as listed. Congratulations were extended to the successful nominees.

Mr. Anderson handed over the chairing of the meeting to Mrs. Gransaul. Mrs. Gransaul thanked Mr. Anderson for his contribution and the continued support from the Office of the Commissioner for Cooperative Society Division.



12.0 OTHER BUSINESS

12.1 Payment of Dividend

Mrs. Cheryl Gransaul informed the meeting that the Dividend would be paid on 12th March 2020.

12.2 Closing

Mrs. Cheryl Gransaul thanked all members, Management, Staff, and special guests for attending CEMCU's first hybrid AGM.

The meeting ended at 6.05 p.m.

Submitted By



FEROZ ABDOOL [Mr.]
Secretary

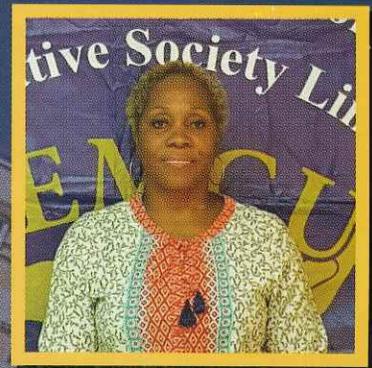
BOARD OF DIRECTORS



CHERYL GRANSAUL
PRESIDENT



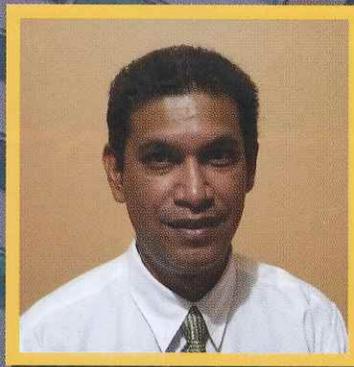
TAUREAN DASSYNE
VICE PRESIDENT



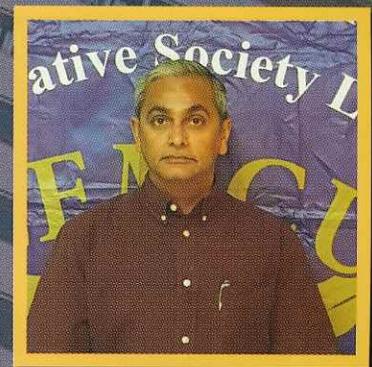
MAXINE CHARLES
TREASURER



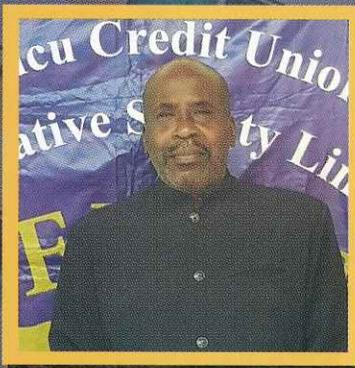
FEROZ ABDOOL
SECRETARY



CLARENCE BANDO
ASSIST. SECRETARY



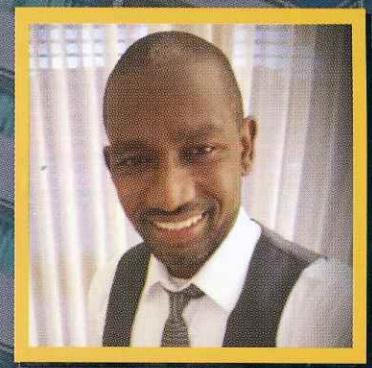
ROBERT BALGOBIN
DIRECTOR



HUGH GRIFFITH
DIRECTOR



DEXTER EAST
DIRECTOR



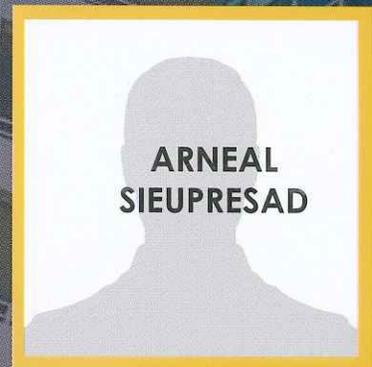
DR. STEPHAN DAVID
DIRECTOR



CHANDRASAIN RAMSINGH
DIRECTOR



CHARLENE SOGREN
DIRECTOR



**ARNEAL
SIEUPRESAD**

DIRECTOR

STAFF



DARREN SINGH
MANAGER



SIRKAYSHA NELSON
JR. ACCOUNTANT (Ag)



ZAHIRAH MOHAMMED
ADMINISTRATIVE CLERK



NEESHA SOOKHOO
CLERICAL ASSISTANT



ANGEL FUERGESON
CLERICAL ASSISTANT

BOARD OF DIRECTORS REPORT 2020

The Board of Directors hereby presents its report on the performance of the Society for the period January 1st, 2020 to December 31st, 2020.

1.0 Central Bank Economic Review

The corona virus (COVID-19) pandemic negatively impacted the macroeconomic landscape of Trinidad and Tobago in 2020. Preliminary Central Bank estimates suggest a significant contraction in domestic economic activity in 2020. Crude oil and natural gas prices decreased in 2020, as a result of geopolitical tensions and lower demand due to the pandemic. Available indicators suggest that, given the various national stay-at-home public health measures implemented during the year to curb the spread of the virus, the labour market faced several challenges over the period. Headline inflation declined in 2020, reflective of the slow-down in economic activity. The Central Government realized a larger scale deficit during the scale year (FY) 2019/20 when compared to the previous period. While expenditure remained relatively flat, Central Government revenues were significantly lower. In March 2020, the Central Bank lowered the Repo rate and the primary reserve requirement of commercial banks, to increase liquidity in the financial system and reduce the cost of borrowing. Global growth contracted in 2020 due to weak global demand as a result of strict containment measures due to the COVID-19 pandemic, coupled with capital flow reversals and depressed commodity prices.

According to the Central Bank's Quarterly Index of Real Economic Activity, domestic economic activity contracted by 7.9% in 2020, led by the decline in energy sector output (13.8%). In 2020, labour market adjustments included furloughed employment, layoffs, pay cuts and reductions in working hours. Headline inflation averaged 0.6% in 2020, from 1.0% in 2019.

1.1 Our Credit Union

In 2020 Cemcu was faced with the additional challenge as the entire world was dealing with a pandemic caused by the COVID-19 virus. The TCL group continued to retrench its workers, this time it was the entire TPL work force; the TPL plant was closed down. That retrenchment affected approximately 60 of our members, who had to pay off their loans, which in effect, reduced CEMCU's member's loans and also affected future interest income and cash flow. The delinquency situation was further exacerbated due to the number of delinquency disputes before the Commissioner for Cooperative Development awaiting hearing and/or judgement and others before the High Courts. CEMCU engaged the services of two debt collectors which enabled the collection of funds from delinquent members who previously were not paying. The Board sub-committee re Delinquency, continues to work closely with the debt collectors and reports to the Board on a monthly basis.

1.2 Management

The Board welcomed Mr. Darren Singh back to office in his substantive position of Manager, as of June 1st, 2020.

With Mr. Singh's return to office, there has been a steady increase in business. Mr. Singh has provided the Board with diverse strategies and has implemented new products and services that are in line with the financial industry in which CEMCU operates. Members have been responding in a positive manner towards these new products and improved services.

1.3 Mobile App

The Board is pleased to have launched CEMCU's very own mobile app in December 2020. This app came in a time where people are being asked to do most of their business online to "get with the program" in the emerging digital world. The online transaction move also helps in curbing the

spread of the COVID-19 virus. CEMCU will aggressively promote this app to its members as an alternative way of doing business with us.

1.4 IFRS 9

The Board is pleased to report that CEMCU is fully compliant with the IFRS-9 accounting standard and the Auditors have given CEMCU a clean bill of health.

With the implementation of the IFRS-9 standard, CEMCU's Statement of Comprehensive Income and Statement of Financial Position was negatively impacted because of the impairment of delinquent loan interest which had been on the system for six years and more.

Due to the non-approval of the Commissioner for the use of the Reserve Funds to write off bad debts, CEMCU had to transfer the Loan Loss provision of \$8,930,901 that was under the Members' Equity & Reserves to the Retained Earnings Account in the December 2020.

These two (2) entries negatively impacted the Surplus and Retained Earnings of CEMCU respectively.

The Board and Management are working towards clearing this negative impact in the shortest possible timeframe.

1.5 CEMCU BUILDING

The Board is pleased to announce that construction has begun on the long awaited CEMCU building. However, due to the ongoing Covid-19 pandemic, the Government placed a hold on all construction work, until further advised.

2.0 BOARD OF DIRECTORS SERVING

The 65th Annual General Meeting for the period ended December 2020 was held on 26th February 2021.

Immediately following the Annual General Meeting on February 26th, 2021, the Inaugural meeting was held, and the Executive of the Board was duly elected. The composition of the Board is as follows:

Ms. Cheryl Gransauil	President
Mr. Taurean Dassyne	Vice - President
Ms. Maxine Charles	Treasurer
Mr. Feroz Abdool	Secretary
Mr. Clarence Bandoo	Assistant Secretary
Mr. Dexter East	Executive Member
Mr. Chandrasain Ramsingh	Executive Member
Mr. Arneal Sieupresad	Director
Mr. Robert Balgobin	Director
Dr. Stephan David	Director
Mr. Hugh Griffith	Director
Ms. Charlene Sogren	Director

3.0 MEMBERSHIP

At December 2020, CEMCU's membership was 1,554. Twenty one (21) new members were registered during the year.

4.0 FINANCIAL PERFORMANCE

4.1 Assets

Total Assets at 31st December 2020 stood at TT\$92M, compared to TT\$98M at the end of 2019. The decrease of 7% was mainly due to a reduction in the loan portfolio.

4.2 Liabilities

Total Liabilities at 31st, December 2020 stood at TT\$90M, compared to \$92M at the end of 2019. The decrease of 2.22% was mainly due to reduction in shares.

4.3 Members' Shares

There was a decrease in Member Shares from TT\$55M in 2019 compared to TT\$52M as at 31st December 2020, representing a decrease of \$3.7M or 5.45%. CEMCU is faced with many TCL workers who are members being retrenched and using their shares to pay off loans in the Credit Union.

4.4 Loans to Members

The Society's overall Loan portfolio was \$36M as at 31st December 2020 compared to \$40M as at 31st, December 2019. Members who were severed or retired from their TPL and TCL jobs applied funds received to clear their loans.

4.5 Surplus before IFRS 9 and IAS 16 Implementation

The Surplus decreased by 27% in 2020 compared to 2019. This was as a result of members being reluctant to take loans due to the COVID-19 pandemic. CEMCU's Dividend Income was affected by the non-payment of dividend by listed Companies on the stock market who were also affected by the pandemic.

4.6 Return on Assets

CEMCU's ROA was 5.36% for 2020 compared to 6.8% in 2019.

4.7 Expenses

There was a decrease in the overall operational expenditure in 2020, particularly due to reduction of all expenses at CEMCU.

4.8 Dividend

CEMCU's compliance with IFRS-9 Accounting standard in accordance with the financial regulations, has been addressed and we have become fully compliant. This implementation significantly negatively affected our Surplus and Retained Earnings.

The net result is that for the financial year ended 31st December 2020, no dividend payout is possible or recommended.

However, at the same time, the operating net surplus has improved because of our stringent management of the expenditure and the stabilizing of our revenue stream. This auger well for the return to the usual dividend policy in the future.

5.0 REPRESENTATION AT OTHER COOPERATIVE BODIES

CEMCU maintained its position on the Board of Directors of the Central Finance Facility Cooperative Society Limited (CFF). This position was filled by Director Ms. Maxine Charles.

6.0 OUTGOING DIRECTORS AND COMMITTEE MEMBERS

6.1 Board of Directors

Clarence Bandoo
Stephan David
Robert Balgobin
Arneal Sieupresad

6.2 Credit Committee

Natasha Khan
Kaveer Seepersad
Lawrence Paul

6.3 Supervisory Committee

Burt Gransaul
Kenny Mohammed
Hermon Atherton
Nigel Ifill
Sham Hosein

7.0 OFFICERS REMAINING IN OFFICE

7.1 Directors

Dexter East	2 further years
Cheryl Gransaul	2 further years
Feroz Abdool	2 further years
Hugh Griffith	2 further years
Maxine Charles	1 further year
Taurean Dassyne	1 further year
Charlene Sogren	1 further year
Chandrasain Ramsingh	1 further year

7.2 Credit Committee

Jaisimha Singh	1 further year
Ganesh Gocool	1 further year

8.0 RESOLUTION

The Board of Directors will be recommending for your consideration and acceptance:

8.1 APPOINTMENT OF AUDITORS

To appoint as Auditor – I.A Ali & Associates Chartered Accountant for the Financial Year January to December 2021.

9.0 CONDOLENCES

CEMCU extends deepest condolences to the families of Members who passed during the year.

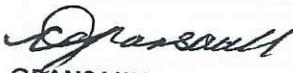
10.0 ACKNOWLEDGEMENTS

The Board of Directors extends thanks and appreciation to the following Organizations for their cooperation and assistance during the past year and looks forward to their continuing support:

TCL Group of Companies
The Cooperative Development Division, Ministry of Labour and Small Enterprise Development
The Central Finance Facility Cooperative Society Limited
The Trinidad and Tobago Credit Union Deposit Insurance Fund Cooperative Society Limited
KSBM Asset Management Limited
KCL Capital Market Brokers Limited
CUNA Caribbean Insurance Company Limited
Oilfields Workers' Trade Union
I.A Ali & Associates
VENTURE Credit Union Cooperative Society Limited
Attorneys-at-Law – Mr. Ravi Diptee and Daltons Ltd.
Our Bankers and other Business Partners

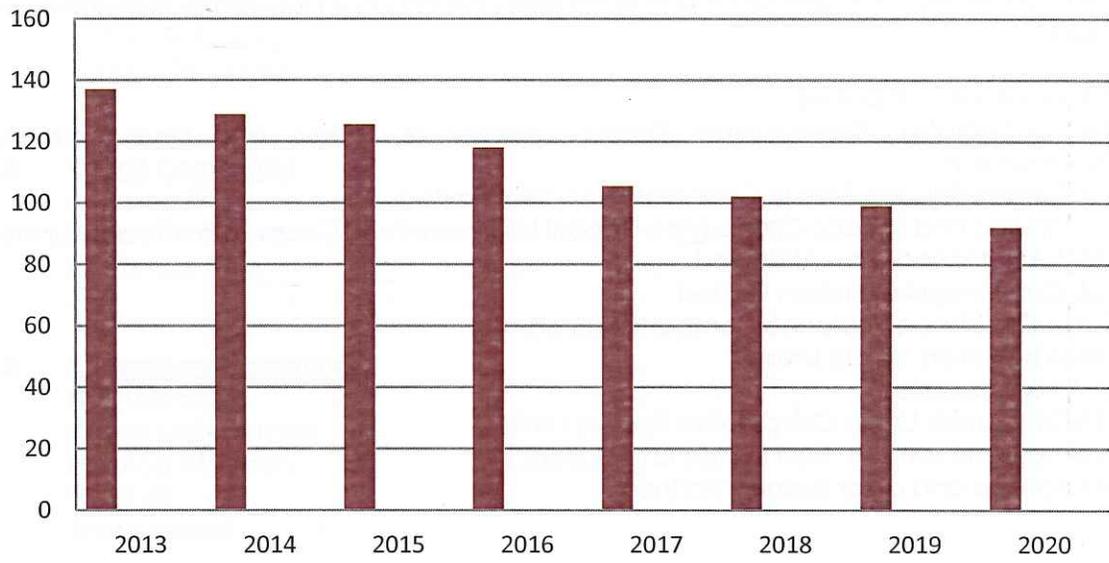
The Board of Directors would like to thank the Supervisory, Credit and Education Committees, and the Management and Staff of CEMCU, for their contribution and service. We thank you, our valued Members, for your confidence and support during 2020 and in the future.

On behalf of CEMCU Board of Directors

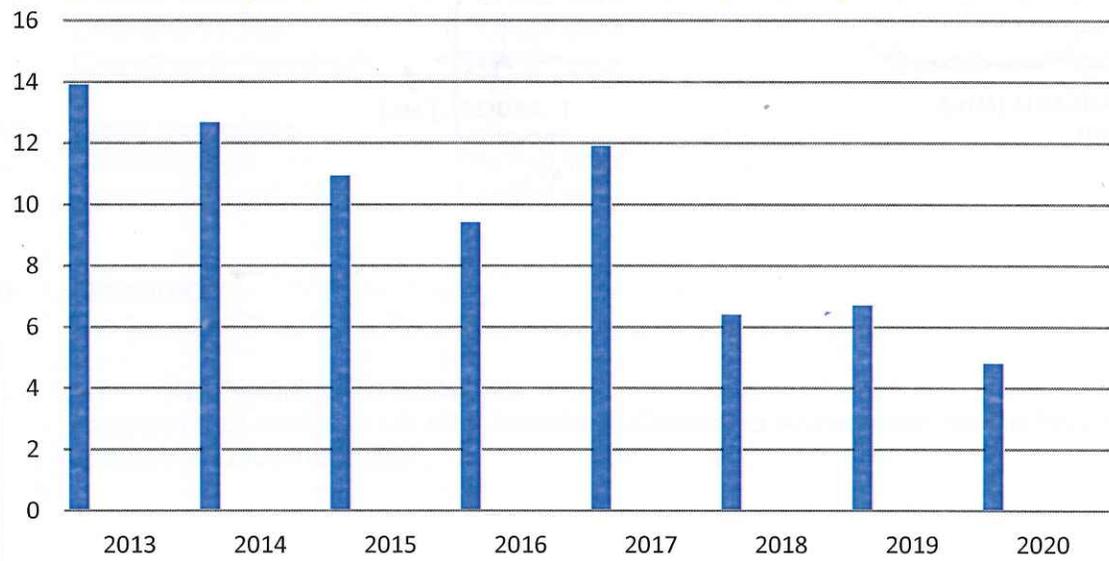

C. GRANSULL [Mrs.]
President


F. ABDOOL [Mr.]
Secretary

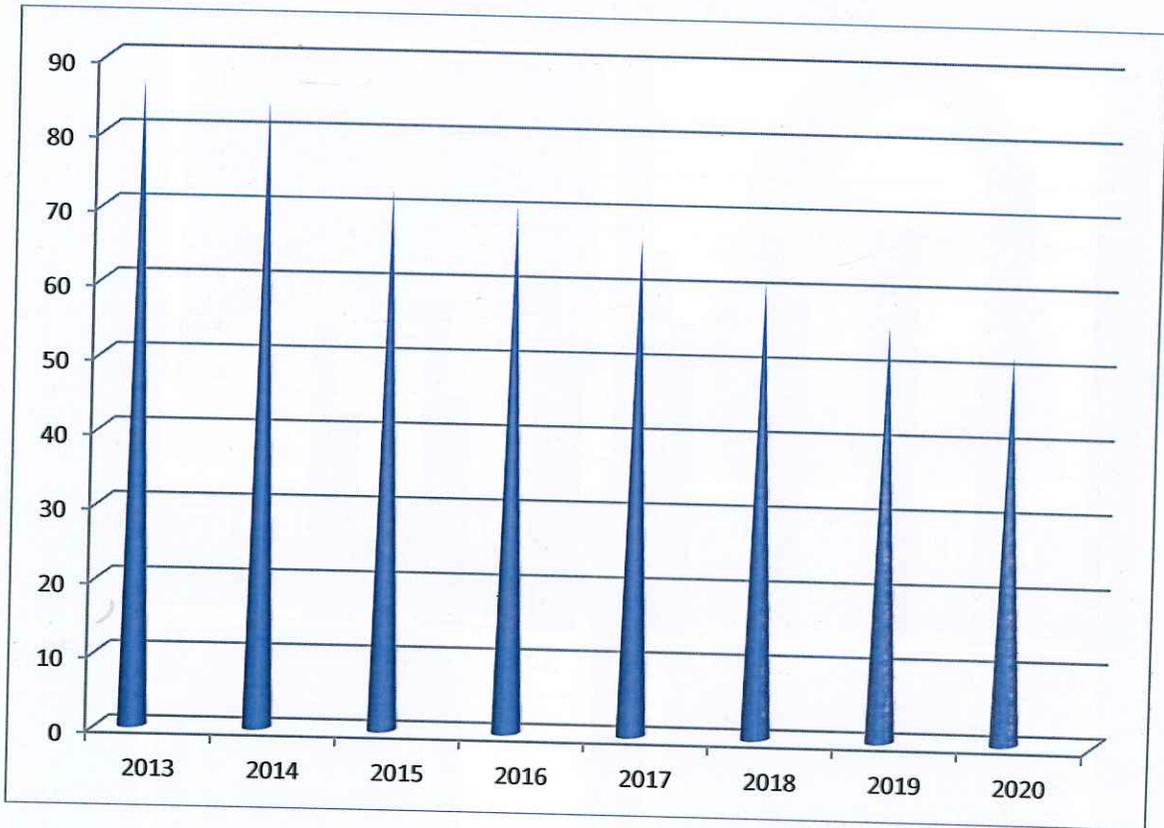
ASSETS



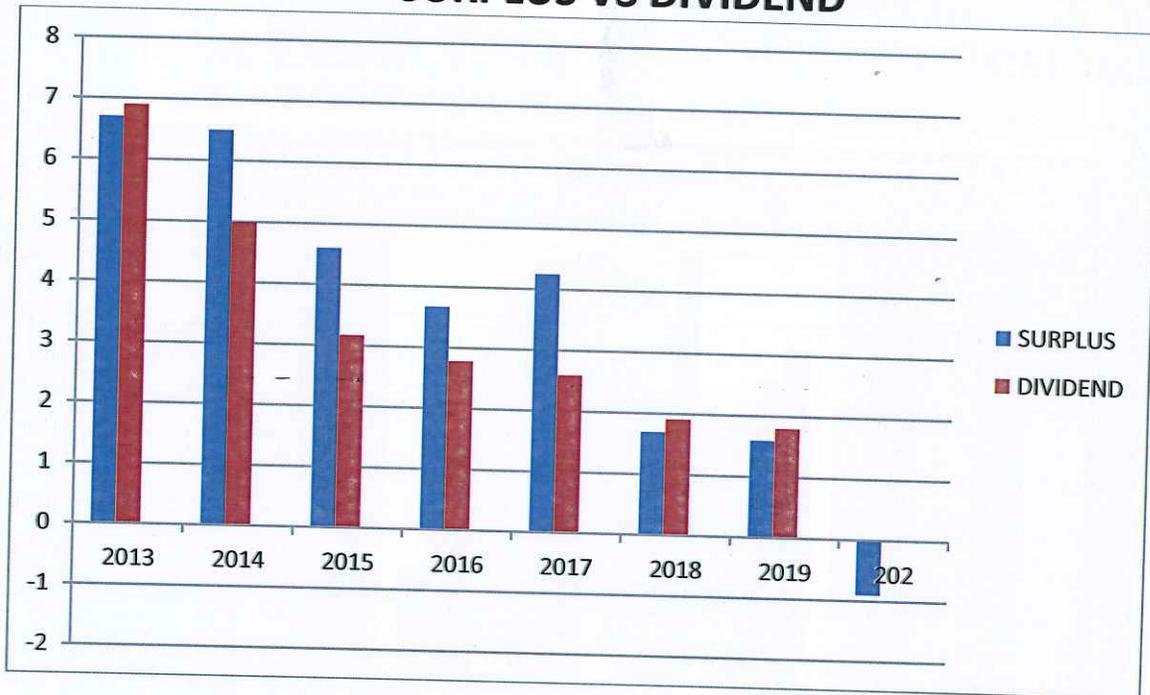
REVENUE



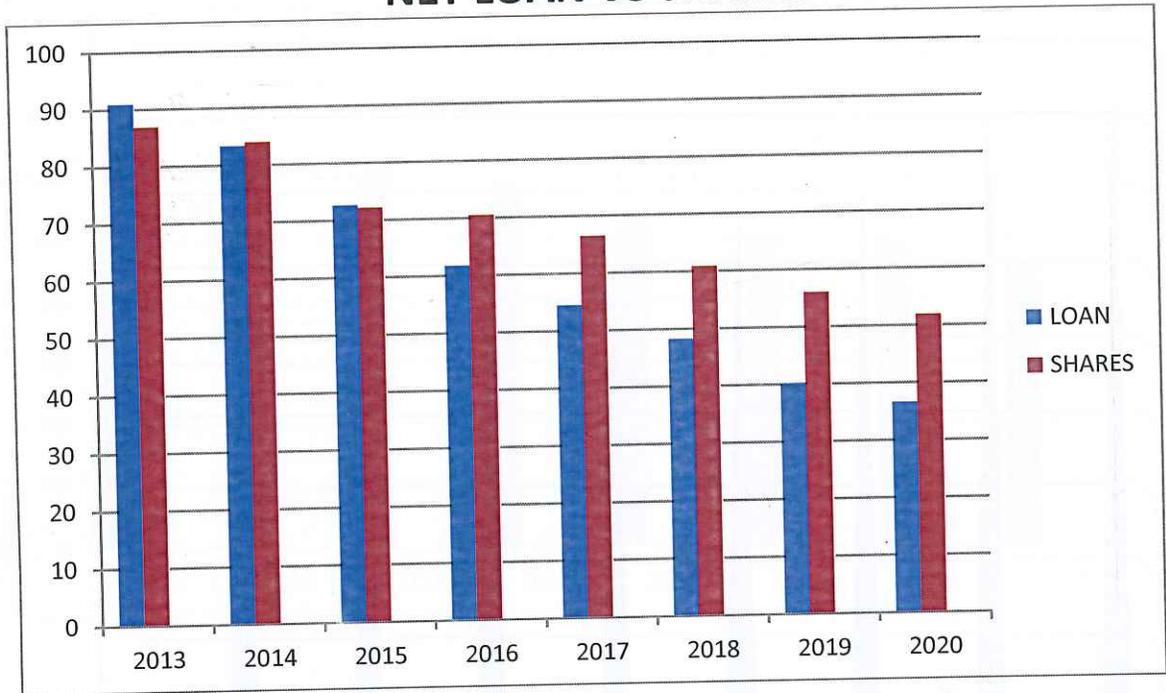
SHARES



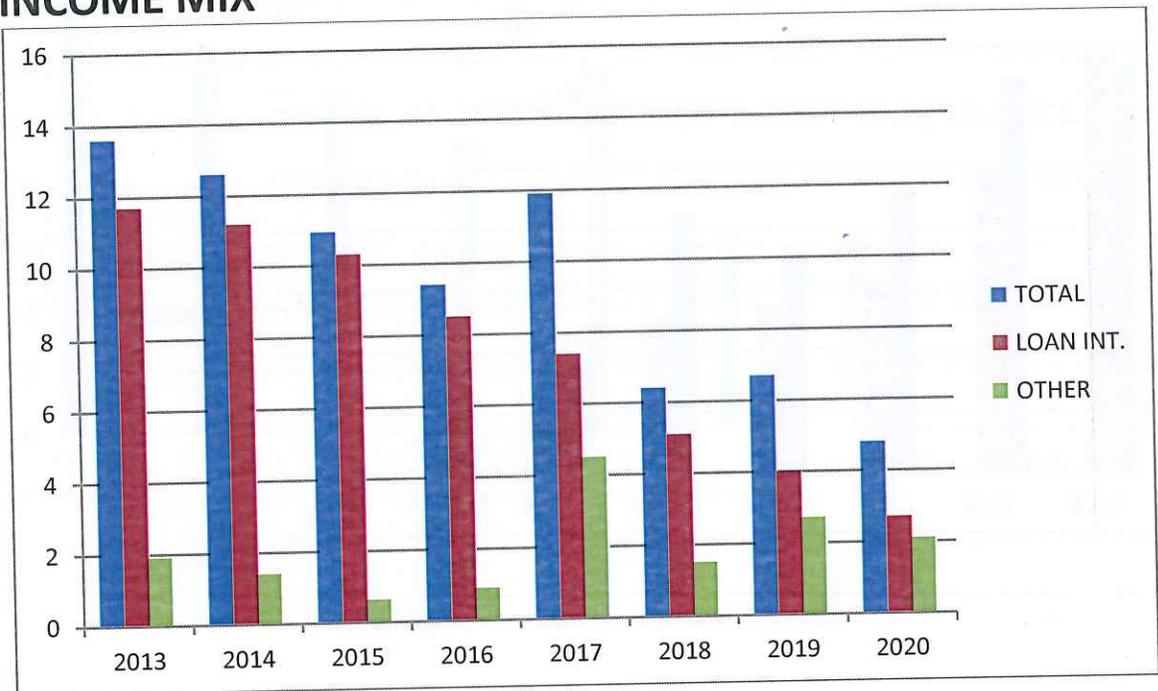
SURPLUS VS DIVIDEND



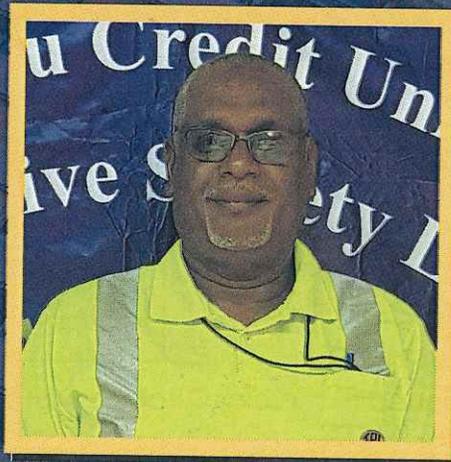
NET LOAN VS SHARES



INCOME MIX



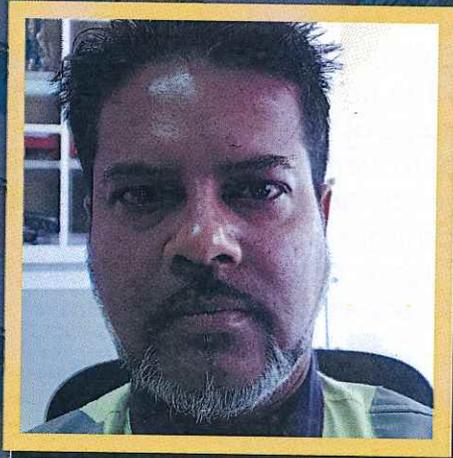
CREDIT COMMITTEE



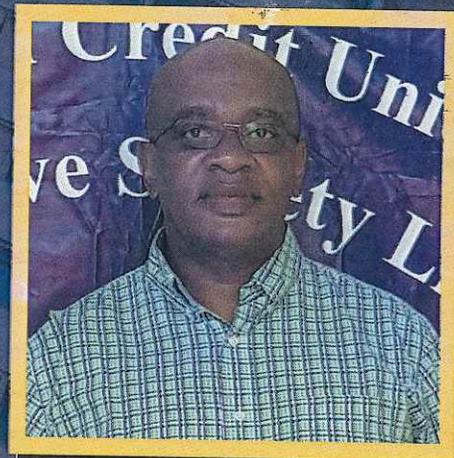
JASIMHA SINGH
CHAIRMAN



NATASHA KHAN
SECRETARY



KAVEER SEEPERSAD



LAWRENCE PAUL



GANESH GOCOO

CREDIT COMMITTEE REPORT FOR 2020

This report gives brief overview of the activities undertaken by the Credit Committee and an analysis of the loans reviewed and approved for the financial year 2020.

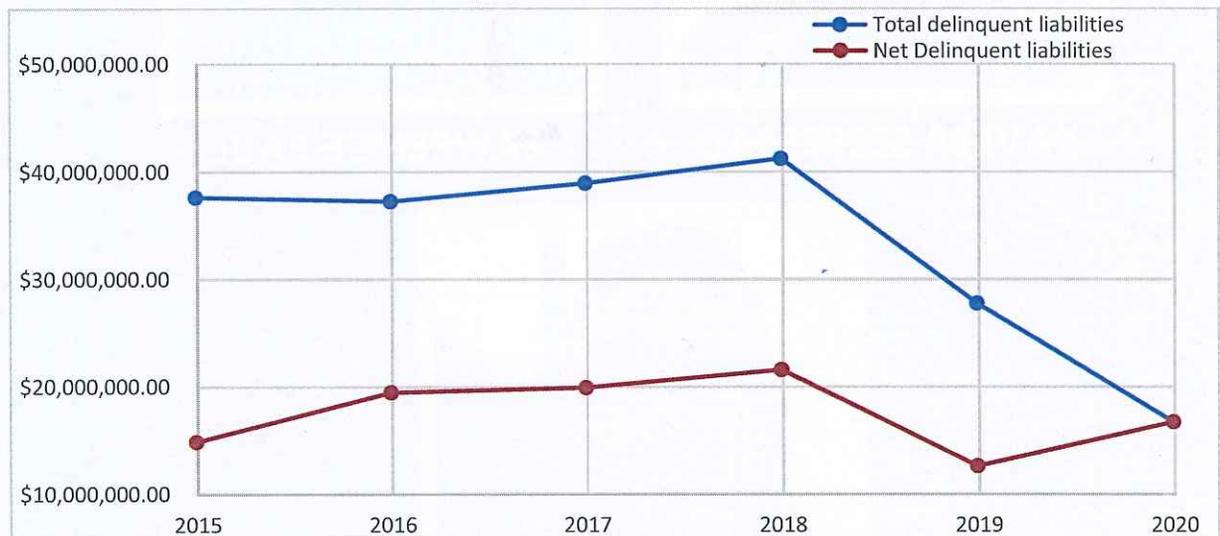
In 2020, twenty-seven (27) meetings of the committee were held and attendance was recorded as follows:

Mr. Jaisimha Singh	- 24
Ms. Natasha Khan	- 24
Mr. Ganesh Gocool	- 19
Mr. Kaveer Seepersad	- 17
Mr. Lawrence Paul	- 21

Mr. Jaisimha Singh and Ms. Natasha Khan continued to serve as Chairman and Secretary, respectively, throughout 2020.

Loan applications for 2020 totalled 233 by number, with a monetary value of \$12,396,581.94 – a significant improvement of 7.4% by number and 42.3% by value over 2019.

The Committee approved 123 loans, with a total value \$4,267,426.90. A total of 110 loans, with a value of \$8,129,155.04, were referred to the Board of Directors for waiver of the Loan Policy. Overall, 233 loans, representing a value of \$12,396,581.94, were approved. The management and staff of CEMCU continues to work towards reducing delinquency. Please be assured that all matters of delinquency are being dealt with through the available legal channels. The total overall delinquency fell from \$27,732,832.99 to \$16,710,091.15. The Net delinquency has risen however from 12,601,605.31 to \$16,707,545.62. The trend over the past six years is shown in the graph below.

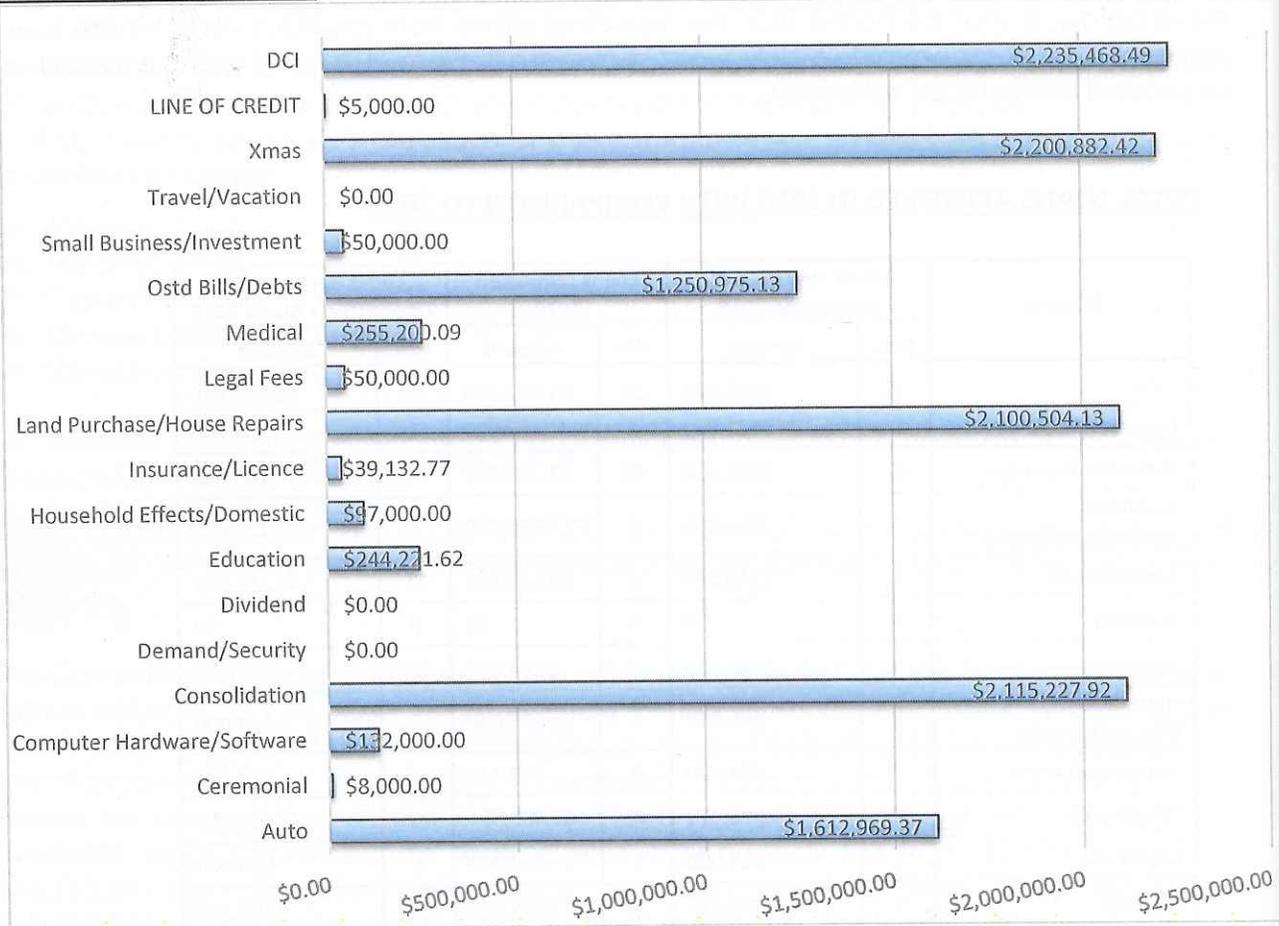


A categorized summary of the loans requested and granted in 2020 is shown in the in the table below. It shall be noted that the reporting differs from previous years where loans approved by the committee only were showcased. From 2020 and going forward, all approved loans will be reflected.

TOTAL LOANS APPROVED IN 2020 WITH COMPARISON TO 2019

Purpose	Loans approved by committee 2019		Loans requested 2020		Loans approved by committee + Board 2020	
	Nos	Amount	Nos	Amount	Nos	Amount
Auto	15	\$967,862	27	\$1,612,969	27	\$1,612,969
Ceremonial	14	\$121,900	1	\$8,000	1	\$8,000
Christmas Expenses	62	\$598,400	92	\$2,200,882	92	\$2,200,882
Computer Hardware/Software	1	\$51,053	2	\$132,000	2	\$132,000
Consolidation	2	\$245,240	11	\$2,115,228	11	\$2,115,228
Dividend	0	\$0	0	\$0	0	\$0
Education	9	\$289,488	9	\$244,222	9	\$244,222
Household Effects/Domestic	2	\$25,000	5	\$97,000	5	\$97,000
Insurance/License	2	\$21,000	2	\$39,133	2	\$39,133
Land/House	39	\$1,328,071	42	\$2,400,504	42	\$2,400,504
Legal Fees	1	\$15,000	1	\$50,000	1	\$50,000
Medical	5	\$96,210	10	\$255,200	10	\$255,200
Outstanding Bills/Debts	12	\$132,100	23	\$950,975	23	\$950,975
Small Business/Inv.	1	\$35,000	2	\$50,000	2	\$50,000
Travel/Vacation	6	\$58,000	0	\$0	0	\$0
Line of Credit	2	\$30,000	1	\$5,000	1	\$5,000
Debt Control Initiative	-	-----	5	\$2,235,469	5	\$2,235,469
TOTALS	173	\$4,014,324	233	\$12,396,582	233	\$12,396,582

LOANS APPROVED IN 2020



The Credit Committee would like to thank you, the members, for supporting the Credit Union through your savings and borrowings during the financial year. We would also like to extend special thanks to the Board of Directors and the Staff of CEMCU for their guidance and support. During this challenging time of COVID-19, we also encourage everyone to continue to follow the guidelines and protocols that keep you and your families safe.

We trust that you, our Members, will continue to exercise prudence in the management of your finances, so we can look forward to a financially rewarding future for you and our organization, CEMCU.

Sincerely,

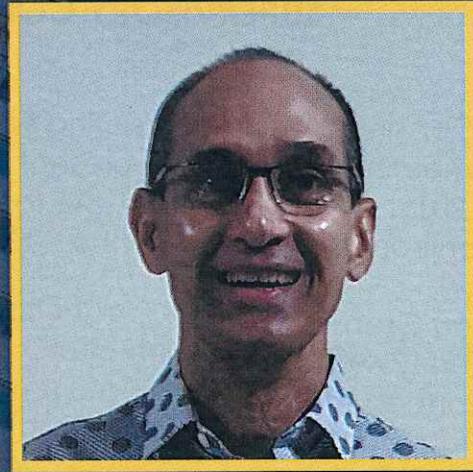
Mr. Jaisimha Singh
Chairman

Ms. Natasha Khan
Secretary

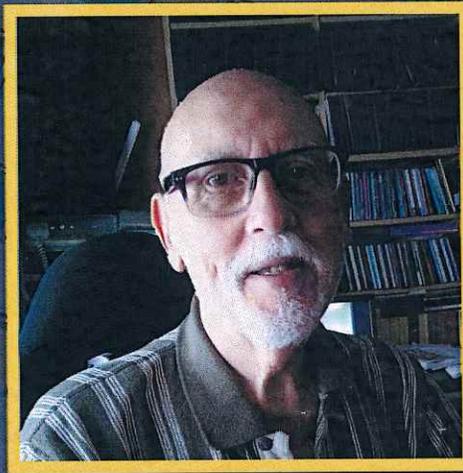
SUPERVISORY COMMITTEE



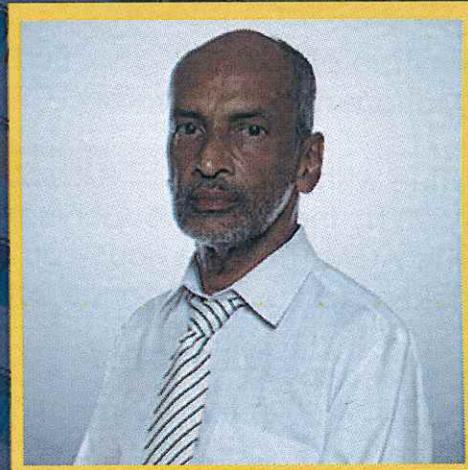
BURT GRANSULL
CHAIRMAN



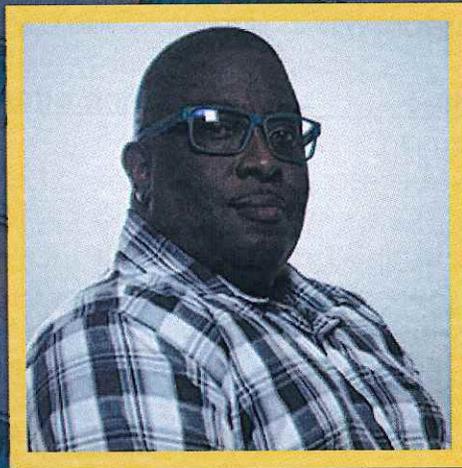
KENNY MOHAMMED
SECRETARY



HERMON ATHERTON



SHAM HOSEIN.



Nigel Ifill

ANNUAL GENERAL MEETING SUPERVISORY COMMITTEE REPORT

CEMCU's 65th Annual General Meeting was held at Cara Suites, on 26th February 2021. The meeting was held to present the Annual Report for year ended 31st December 2019. At that meeting, the following members were elected to serve on the Supervisory Committee for the 2020 term:

1. Mr. Burt Gransauil
2. Mr. Kenny Mohammed
3. Mr. Hermon Atherton
4. Mr Sham Hosein
5. Mr Nigel Ifill
6. Ms Fawn Deomansingh (Alternate)
7. Mr Francis Daniel (Alternate)

At the Committee's first meeting Mr. Burt Gransauil was elected as Chairman and Mr. Kenny Mohammed as Secretary.

The Committee wishes to note that because the 2020 AGM was held in the month of February 2021, the above Supervisory Committee functioned from February 2021 until this AGM. The previous committee continued to perform during the period of delay and the attendance is reflective of this delay.

1 Meeting Attendance

During the 2019- 2020 term, 7 meetings were held. The number of meetings were severely affected by COVID-19 and subsequently, the number of meetings held is lower than the number of meetings usually held during a term of office.

Meeting Attendance is as follows:

[a]	<u>Elected 2019 Committee</u>	<u>Meeting attendance [2019/20]</u>
1.	Burt Gransauil – Chairman	5
2.	Kenny Mohammed – Secretary	5
3.	Hermon Atherton	3
4.	Fazeeda Hosein	2
5.	Peter Charkoo	0
6.	Sham Hosein –[Alternate]	3

[b] Elected 2020 Committee	Meeting attendance [2020/21]
1. Burt Gransauil – Chairman	2
2. Kenny Mohammed – Secretary	2
3. Hermon Atherton	2
4. Sham Hosein	2
5. Nigel Ifill	1
6. Fawn Deomansingh – (Alternate)	1
7. Francis Daniel – (Alternate)	0

2 Examination of Financials and Operation

During the period under review, the Credit Union's financial and operational activities were examined by the Committee and the findings were provided to the Board of Directors for appropriate action.

3 Know your Customer Compliance

This initiative was undertaken to ensure compliance with the Financial Intelligence Unit (FIU) of Trinidad and Tobago and consequently, the Credit Union implements various steps aimed at achieving maximum compliance. The results of these steps are recorded hereunder.

As of April 2021	
Completed	510
Returned	617
Incomplete	107
Outstanding	574
Target Reached	34.2%

The Committee made recommendations to the Board regarding the introduction of activities to accelerate compliance. The Committee wishes to urge members to fill out and return Know Your Customer [KYC] forms to CEMCU's office to move the organization closer to maximum compliance.

4 Loans to Members

The committee examined loans to ascertain whether the loans were compliant with the Credit Union's Loan policy. Loans were examined for the adherence to the supply of all the relevant documents and signatures on the prescribed forms. Generally, the Committee was satisfied that there was compliance in these areas. Specific areas needing attention were reported to the Board for appropriate instructions to be passed on to Management for action and implementation.

5 Review of Membership Forms for New Members

The Committee reviewed completed membership application forms and found that there was compliance with the policy as stated by the Board of Directors. No anomalies were observed.

6 Delinquency Reports

The Committee examined the delinquency reports and noted the adequateness of the report which enhanced the ability of the committee to identify the improvements achieved. No material anomalies were observed.

7 Monthly Financials

The monthly financial statements which were submitted, were examined and found to have no material anomalies.

8 Board and Committee Minutes

As required by the Co-operative Societies Act and CEMCU's Bye Laws, the Supervisory Committee examined the Board Minutes and Committees' minutes and reports and found no material anomalies.

9 Cash Counts

All Committee meetings included cash counts. No variations or anomalies were found during those counts. On each occasion, the quoted numbers balanced and the processes involved in the collection, reporting and management of the Credit Union's Cash were found to be sound.

10 Conclusion

The Supervisory Committee hereby thanks CEMCU's membership for the opportunity to serve. We also thank the Board of Directors, Management and Staff for their support during the 2020/21 term.


Burt Gransau - Chairman


Kenny Mohammed - Secretary

EDUCATION COMMITTEE REPORT

The Education Committee is pleased to submit its report to the Annual General Meeting for January 1, 2020 to December 31, 2020.

At the conclusion of CEMCU's 64th Annual General Meeting held on 19th December 2019, the following members were approved by the Board of Directors to serve on the Education Committee in accordance with Bye Law No. 33:

Mr. Paul Toussaint	- Chairman (Resigned 12 June 2020)
Mr. Taurean Dassyne	- Chairman (Effective 25 June 2020)
Ms. Maxine Charles	- Secretary
Mrs. Cheryl Gransaul	- Member
Mr. Jaishima Singh	- Member
Mr. Darren Singh	- Member

Meetings

The Education Committee, at its first meeting, had planned a number of initiatives for the calendar year 2020. Unfortunately, due to the Covid-19 pandemic, many of these activities had to be cancelled. Members of the Committee continued their work on Board appointed Sub-Committees in examining and updating policies and procedures. An updated Bye Laws booklet was printed and distributed to members.

Membership

During the year 2020, CEMCU experienced a small increase in new membership growth as members were encouraged to submit applications for membership for their spouses and children who were not yet members. Twenty-one (21) applications for membership to CEMCU were reviewed by the Committee and subsequently approved by the Board. Additionally, a decision was taken to extend the bond of membership. Approaches were made to a number of Companies in the vicinity of CEMCU via correspondence inviting their staff to become members of CEMCU. To date, this initiative has not received any positive feedback.

Training

On Saturday 19th September 2020, Directors, Committee members and Office Staff participated in a virtual training session entitled Anti-Money Laundering (AML), Combatting the Financing of Terrorism (CFT) and Proliferation Financing (PF). The training was facilitated by FIU Consultant Ms. Keshma Maharaj and is an annual requirement of the Financial Intelligence Unit (FIU).

Annual Bursaries

The Covid-19 pandemic and restrictions on gatherings resulted in a scaled-down Bursary function which was held on 5th November 2020. The recipients of bursaries collected awards at CEMCU's office. Bursaries were presented to eight (8) successful S.E.A. students, three (3) CSEC students and two (2) CAPE students. It is noteworthy that Ms Anjali Maharaj, a CAPE bursary awardee, was the recipient of the President's Medal Open Scholarship for her performance in Business Studies.

Credit Union Month

To celebrate Credit Union Month, members were invited to visit the Credit Union Office on Friday 16th October 2020, where they presented with a token of appreciation in the form of a face mask.

Christmas 2020

Members were invited to visit the Credit Union Office on 23rd December 2020, where seasonal refreshments were served.



Mr. Taurean Dassyne
Chairman



Ms. Maxine Charles
Secretary

**CEMCU CREDIT UNION
CO-OPERATIVE SOCIETY LIMITED**

Financial Statements
for the year ended
December 31, 2020

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

CONTENTS

PAGES

STATEMENT OF MANAGEMENT RESPONSIBILITIES	38
INDEPENDENT AUDITOR'S REPORT	40
STATEMENT OF FINANCIAL POSITION	43
STATEMENT OF COMPREHENSIVE INCOME	44
STATEMENT OF CHANGES OF MEMBERS' EQUITY AND RESERVES	45
STATEMENT OF CASH FLOWS	46
NOTES TO THE FINANCIAL STATEMENTS	47

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CEMCU Credit Union Co-operative Society Limited

43 Southern Main Road, Plaisance Village, Pointe-A-Pierre, Trinidad W.I.

Statement of Management Responsibilities

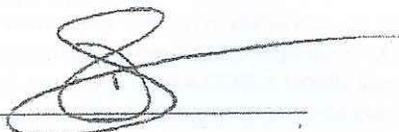
Management is responsible for the following:

- Preparation and fairly presenting the accompanying financial statements of the CEMCU Credit Union Co-operative Society Limited, which comprise the statement of financial position as at December 31, 2020, the statements of comprehensive income, changes in members' equity and reserves and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Credit Union keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Credit Union's assets, detection/prevention of fraud, and the achievement of Credit Union's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management choose those considered most appropriate in the circumstances.

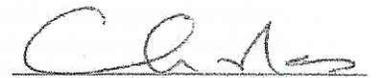
Nothing has come to the attention of management to indicate that the Credit Union will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Manager

June 25, 2021



Treasurer

June 25, 2021

Tel: (868) 659-0436. (868) 659-3823. Fax: (868) 659-0436
Email: cemcuiinformation@gmail.com • Website: www.cemcu.com



I.A.ALI & ASSOCIATES

Chartered Accountants

L.P. #54 Marshall Street, Warrentville, Cunupia
Tel: (868) 221-8535 • Fax: (868) 693-2246
Email: imtiaz.a.ali@hotmail.com
Website: www.accountingsolutionstf.com

Independent Auditor's Report

To the members of
CEMCU Credit Union Co-operative Society Limited

Opinion

We have audited the financial statements of CEMCU Credit Union Co-operative Society Limited (the "Credit Union"), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in members' equity and reserves and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Other Information

Management is responsible for the other information. Other information consists of information included in the Credit Union's Annual Report but does not include the financial statements and our auditors report thereon. The Credit Union's 2020 Annual Report is expected to be made available after the date of the auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the Credit Union's 2020 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate it with those charged with governance.

Member of:

Association of
Certified Fraud Examiners

Association of
Chartered Certified Accountants

Institute of Chartered Accountants
of Trinidad & Tobago



I.A.ALI & ASSOCIATES

Chartered Accountants

L.P. #54 Marshall Street, Warrentville, Cunupia
Tel: (868) 221-8535 • Fax: (868) 693-2246
Email: imtiaz.a.ali@hotmail.com
Website: www.accountingsolutionsstt.com

Independent Auditor's Report (continued)

To the members of
CEMCU Credit Union Co-operative Society Limited

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Independent Auditor's Report (continued)

To the members of
CEMCU Credit Union Co-operative Society Limited

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

I.A. Ali & Associates

I.A. Ali & Associates
Cunupia
Trinidad
July 5, 2021

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Chartered Certified Accountants

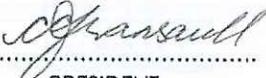
Institute of Chartered Accountants
of Trinidad & Tobago

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

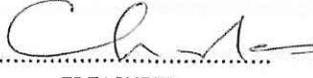
	ASSETS	Notes	2020 \$	2019 \$
Assets				
Property, plant and equipment		5	1,232,785	1,530,828
Receivables and prepayments		6	637,279	410,429
Members' loans		7	36,617,833	40,041,069
Investments securities				
- measured at fair value through other comprehensive income		9a	22,415,244	25,851,973
- measured at amortised cost		9b	28,700,068	28,624,199
Cash and short-term funds		8	2,127,624	2,218,082
Total Assets			<u><u>91,730,833</u></u>	<u><u>98,676,580</u></u>
LIABILITIES AND MEMBERS' EQUITY & RESERVES				
Liabilities				
Payables and accruals		10	398,388	1,052,196
Members' shares			51,982,422	55,693,099
Members' deposits			28,001,888	27,759,300
Co-operative societies deposits		11	10,000,000	7,750,000
Total Liabilities			<u><u>90,382,698</u></u>	<u><u>92,254,595</u></u>
Members' Equity & Reserves				
Reserve fund			17,502,530	17,486,407
Education fund			21,785	21,785
Other funds			-	288,208
Loan loss provision			-	(8,930,901)
Fair value reserve			(7,878,447)	(5,719,490)
Undivided earnings			(8,297,733)	3,275,976
Total Members' Equity & Reserves			<u><u>1,348,135</u></u>	<u><u>6,421,985</u></u>
Total Liabilities and Members' Equity & Reserves			<u><u>91,730,833</u></u>	<u><u>98,676,580</u></u>

On July 5, 2021, the Board of Directors of CEMCU Credit Union Co-operative Society Limited authorised these financial statements for issue.

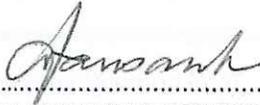
The accompanying notes form an integral part of these financial statements.



 PRESIDENT



 TREASURER



 CHAIRMAN OF SUPERVISORY
 COMMITTEE

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	2020 \$	2019 \$
Income			
Interest on loans		2,744,799	4,003,121
Income from investments		1,681,308	1,864,926
Dividends		340,029	661,628
Miscellaneous		58,740	180,900
Total income		4,824,876	6,710,575
Expenditure			
Administrative	12	554,748	558,292
Bank interest & charges		36,975	42,861
Depreciation		39,653	41,293
Reversal of expected credit losses (IFRS 9)	9(c)	(29,126)	-
Expected credit losses (IFRS 9)	7(b)	1,516,887	-
Green fund levy		11,256	16,196
Impairment of building		509,286	-
Insurances		577,570	712,163
Interest on members' deposits		716,699	809,221
Interest on co-operative societies deposits		259,277	308,933
Legal and professional		210,831	328,143
Members appreciation, official travel & training		19,579	98,894
Allowance for loan losses (IAS 39)		-	300,000
Salaries and employee's benefits		1,311,952	1,847,228
Total expenditure		5,735,587	5,063,224
Net (deficit)/surplus for the year		(910,711)	1,647,351
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss			
Changes in fair value of investments through other comprehensive income		(3,159,555)	1,558,08
Other comprehensive (deficit)/income for the year		(3,159,555)	1,558,08
Total comprehensive (deficit)/income for the year		(4,070,266)	3,205,43

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

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF CHANGES IN MEMBERS' EQUITY AND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Reserve Fund	Education Fund	Other Funds	Loan Loss Provision	Fair Value Reserve	Undivided Earnings	Total
	\$	\$	\$	\$	\$	\$	\$
Year ended Dec 31, 2020							
Balance at January 1, 2020	17,486,407	21,785	288,208	(8,930,901)	(5,719,490)	3,275,976	6,421,985
Change on initial application of IFRS 9 (note 19)	-	-	-	-	-	(867,433)	(867,433)
Prior year adjustments (note 20)	-	-	-	-	1,000,598	(1,152,872)	(152,274)
Restated balances	17,486,407	21,785	288,208	(8,930,901)	(4,718,892)	1,255,671	5,402,278
Membership fees	210	-	-	-	-	-	210
Total comprehensive deficit	-	-	-	-	(3,159,555)	(910,711)	(4,070,266)
Adjustment	15,913	-	-	-	-	-	15,913
Transfers (note 21)	-	-	(288,208)	8,930,901	-	(8,642,693)	-
Balance at Dec 31, 2020	17,502,530	21,785	-	-	(7,878,447)	(8,297,733)	1,348,135
Year ended Dec 31, 2019							
Balance at January 1, 2019	17,321,582	21,785	288,208	(8,930,901)	(7,277,571)	3,746,370	5,169,473
Membership fees	90	-	-	-	-	-	90
Total comprehensive income	-	-	-	-	1,558,081	1,647,351	3,205,432
Dividends paid	-	-	-	-	-	(1,953,010)	(1,953,010)
<u>Appropriation of net surplus</u>							
- Reserve fund	164,735	-	-	-	-	(164,735)	-
Balance at Dec 31, 2019	17,486,407	21,785	288,208	(8,930,901)	(5,719,490)	3,275,976	6,421,985

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

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
Cash flows from operating activities	(910,711)	1,647,351
Net (deficit)/surplus for the year		
Adjustments to reconcile net (deficit)/surplus to net cash generated from operating activities:		
Depreciation	39,653	41,299
Unrealised (loss)/gain on investments at FVTOCI	(3,159,555)	1,558,081
Loss on disposal of office furniture & equipment	3,120	2,997
Change on initial application of IFRS 9 working (note 19)	(867,433)	-
Prior year adjustment: bond valuation (note 20)	(152,274)	-
Impairment of building	509,286	-
Adjustment	15,913	-
Operating (deficit)/surplus before working capital changes	(4,522,001)	3,249,721
Decrease in members' loans	3,423,236	5,428,591
(Increase)/decrease in receivables and prepayments	(226,850)	2,518,471
Increase in members' deposits	242,588	789,621
(Decrease)/increase in payables and accruals	(653,808)	267,251
Increase in co-operative society deposits	2,250,000	-
Net cash generated from operating activities	<u>513,165</u>	<u>12,253,611</u>
Cash flows from investing activities	3,360,861	(7,674,711)
Net change in investments		
Additions to property, plant and equipment	(254,016)	(14,311)
Net cash generated from/(used in) investing activities	<u>3,106,845</u>	<u>(7,689,021)</u>
Cash flows from financing activities	210	-
Membership fees		(1,953,011)
Dividends paid	-	(5,209,711)
Net decrease in members' shares	(3,710,677)	(7,162,711)
Net cash used in financing activities	<u>(3,710,467)</u>	<u>(2,598,411)</u>
Net decrease in cash and cash equivalents	<u>(90,457)</u>	<u>(2,598,411)</u>
Cash and cash equivalents at beginning of year	<u>2,218,082</u>	<u>4,816,411</u>
Cash and cash equivalents at end of year	<u>2,127,624</u>	<u>2,218,000</u>
Cash and cash equivalents	<u>2,127,624</u>	<u>2,218,000</u>
Cash and short-term funds	<u>2,127,624</u>	<u>2,218,000</u>
Total cash and cash equivalents	<u>2,127,624</u>	<u>2,218,000</u>

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

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

1. REGISTRATION AND ACTIVITIES

CEMCU Credit Union Co-operative Society Limited is registered in the Republic of Trinidad and Tobago under the Co-operative Societies Act Chapter 81:03. Its registered office is located at #43 Southern Main Road, Plaisance Village, Pointe-A-Pierre. The Credit Union operates a Credit Union for the benefit of employees, former employees (who obtained membership while being and employee), pensioners of Trinidad Cement Limited and its subsidiaries and associated companies together with employees of the Credit Union, children and spouse of members of the Credit Union and other persons approved by the Board of Directors.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are stated below:

a. Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") and are stated in Trinidad and Tobago dollars. These financial statements are stated on the historical cost basis, except for the measurement of investment securities at fair value through other comprehensive income and certain other financial instruments.

(i) *New, revised, amended standards and interpretations effective January 1, 2020.*

There were no new standards, amendments and interpretations to existing Standards applicable to the Credit Union in the current year which were adopted by the Credit Union.

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

The following new standards, amendments and interpretations, which have not been applied in these financial statements, will or may have an effect on the Credit Union's future financial statements in the period of initial application. In all cases, the entity intends to apply these standards from the mandatory application date as indicated hereunder, if applicable.

The underlisted are not expected to have a significant impact on the Credit Union's financial statements.

- IFRS 7 'Financial Instruments: Disclosures', IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' - Interest Rate Benchmark Reform Phase 2 – Effective 1 January 2021
- IAS 16 'Property, Plant and Equipment' – Amendments to IAS 16 – Proceeds before Intended Use Effective 1 January 2022
- IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' – Amendments to IAS 37 – Onerous Contracts – Effective 1 January 2022
- IAS 1 'Presentation of Financial Statements' – Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current – Effective 1 January 2023
- IFRS 17 'Insurance Contracts' – Effective 1 January 2023

(iii) *Standards, amendments and interpretations to existing standards early adapted by the Credit Union.*

The Credit Union did not early adopt any new revised or amended standards.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b. Change in accounting policies and disclosures

The Credit Union has adopted IFRS 9 Financial Instruments issued in July 2014 with a date of initial application of January 1, 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. IFRS 9 requires that credit losses are recognized earlier than under IAS 39. The Credit Union's application of the impairment requirements of IFRS 9 can be seen in note 2(h).

As permitted by the transitional provisions of IFRS 9, the Credit Union elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening undivided earnings and other reserves of the current period.

Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeats those disclosures made in the prior year. The adoption of IFRS 9 has resulted in changes in accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 "Financial Instruments: Disclosure".

The impact of the adoption of IFRS 9 on the Credit Union is shown on note (19).

The key changes to the Credit Union's accounting policies resulting from its adoption of IFRS 9 are summarised below.

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortized cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL").

The classification is based on the Credit Union's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. The Credit Union's classification of its financial assets can be seen in note (2h).

IFRS 9 retains most of the existing requirements of IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated under the fair value option were recognized in profit or loss; under IFRS 9 fair value changes are generally presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability presented in Other Comprehensive Income ("OCI"); and
- The remaining amount of change in the fair value is presented in profit or loss.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c. Use of estimates

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Credit Union's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

d. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Credit Union are measured using the currency of the primary economic environment in which the Credit Union operates ('the functional currency'). These financial statements are presented in Trinidad and Tobago Dollars, which is the Credit Union's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

e. Property, plant and equipment

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

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

Depreciation is provided on the reducing balance basis at rates estimated to write-off the assets over their expected useful lives.

Current rates of depreciation are:

Land and building	- Nil
Leasehold improvements	- 15%
Office furniture and equipment	- 10% - 25%

The assets residual values and useful lives are reviewed at each statement of financial position date and adjusted, if appropriate.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f. Revenue recognition

Interest on Members' loans

Interest on members' loans is recognized on the accruals basis.

Interest income

Interest income is recognized using the effective interest method.

Dividend income

Dividend income from equities is recognized when the right to receive payment is established.

g. Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments readily convertible to known amount of cash and subject to insignificant risks of change in value. These are shown at cost, which is equivalent to fair value.

Cash and cash equivalents also comprise cash balances which are payable on demand.

h. Financial assets

Under IFRS 9 (policy applicable Jan 1, 2020)

The Credit Union classifies its investment in financial assets at, amortised cost and at fair value through other comprehensive income. The classification depends on the purpose for which financial assets were acquired or originated.

(i) *Amortised cost*

Financial assets measured at amortised cost include members' loans, corporate bonds, notes and repurchase agreements.

These are financial assets with fixed or determinable payments and fixed maturity that the Credit Union has the intent and ability to hold to maturity. These are initially measured at cost, being the fair value less the transaction cost that are directly attributable to the acquisition of the instrument.

All non-trading financial liabilities and financial assets measured at amortised cost are subsequently measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument. The amortisation of premiums and discounts is taken to the statement of comprehensive income.

(ii) *Fair value through other comprehensive income*

Financial assets measured at fair value through other comprehensive income includes certain equity instruments.

These financial assets are investments that are intended to be held for an indefinite period of time, but may be sold in response to needs for liquidity or changes in exchange rates or equity prices or other factors, and are not classified as loans and receivables.

These financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h. Financial assets (continued)

After initial recognition, investments which are classified as "fair value through other comprehensive income" are measured at fair value with unrealised gains or losses on remeasurement recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative loss or gain previously reported in the investment re-measurement reserve is included in the statement of comprehensive income.

Under IAS 39 – Policies applicable for year ended December 31, 2019

The Credit Union classifies its financial assets in the following categories: loans and receivables and investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Impairment of financial assets

At the reporting date, the Credit Union assesses on a forward-looking basis, the credit losses associated with its financial assets measured at amortised cost.

The Credit Union measures loss allowances on its debt instruments at an amount equal to lifetime credit losses, except in the following cases, for which the amounts are recognised on the basis of 12 months' credit losses.

For receivables, the Credit Union applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Impairment provision/credit losses for loans to members are recognised based on the three stage approach within IFRS 9 as follow:

Stage 1 represents 12 month expected credit losses (gross interest)

- Applicable when no significant increase in credit risk
- Entities continue to recognise 12 month expected losses that are updated to each reporting date
- Presentation of interest on gross basis.

Stage 2 represents lifetime expected credit losses (gross interest)

- Application in case of significant increase in credit risk
- Recognition of lifetime expected losses
- Presentation of interest on gross losses

Stage 3 represents lifetime expected credit losses (net interest)

- Application in case of credit impairment
- Recognition of lifetime expected losses
- Presentation of interest on net basis

The Credit Union maintained a loan loss allowance, which in management's opinion, is adequate to absorb all incurred credit-related losses in its loan portfolio. Allowance for loan losses are calculated using a formula method taking into account recent loss experience.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h. Financial assets (continued)

Impairment of financial assets (continued)

In the prior year (2019), Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Any impairment losses in respect of a financial asset at amortised cost are recognised in the statement of comprehensive income.

An impairment loss in respect of financial assets measured at fair value through other comprehensive income is calculated by reference to its fair value. Any cumulative gains/losses on re-measurement of equity investments, which the Credit Union has opted, irrevocably, to measure at fair value through other comprehensive income, are recognised in other comprehensive income as 'Items that may not be reclassified to profit and loss'. Upon derecognition, the cumulative gains/(losses) previously recognised in other comprehensive income is not reclassified to profit and loss but instead, transferred within equity.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and at fair value through other comprehensive income that are debt securities, the reversal is recognised in the statement of comprehensive income. For investments measured at fair value through other comprehensive income that are equity securities, the reversal is recognised directly in equity.

Impairment of non-financial assets

The carrying amount of the Credit Union's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is adjusted to reflect the revised estimate.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. When assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smaller group assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

i. Financial liabilities

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

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

j. Accounts receivable

Accounts receivable are initially measured at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

k. Members' loans

Members' loans are initially measured at cost, net of loan origination fees and inclusive of transaction costs incurred. They are subsequently measured at amortised cost, using the effective interest rate method, less any impairment losses. Loans to members are reported at their recoverable amount representing the aggregate amount of principal, less any loss allowances for impaired loans.

Loans are written off after all the necessary legal procedures have been completed and the amount of the loss can be fully determined.

l. Taxation

The profits arising from the Credit Union are exempt from income tax, as per the Co-operative Societies Act Chapter 81:03 sections 76-77.

m. Members' deposits

Members' deposits are initially measured at fair value, net of any transaction costs directly attributable to the issuance of the instrument. Member deposits are subsequently measured at amortized cost, using the effective interest rate method.

n. Members' shares

According to the Bye-Laws of CEMCU Credit Union Co-operative Society Limited, the capital of the Credit Union may be composed of an unlimited number of shares the value of which, can be determined by the Board from time to time. In accordance with International Financial Reporting Interpretation (IFRIC) Interpretation 2, redeemable shares have been treated as liabilities.

o. Dividends

Dividends are recommended by the Board of Directors and approved by the members at the Annual General Meeting following the year to which they relate. Dividends are an appropriation of undivided earnings and are recognized in the statement of changes in members' equity and reserves in the period when paid.

The dividends are computed on the basis of the average number of shares in issue throughout the year, the average being determined on the basis of the number of shares in issue at the end of each month.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

p. Accounts payable

Accounts payable are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

q. Provisions

Provisions are recognized when the Credit Union has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. Provisions are not recognized for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

r. Comparative figures

Where necessary, comparative data has been adjusted to conform with changes in presentation of the current year.

s. Reserve fund

Section 47(2) of the Co-operatives Societies Act 1971 requires that at least 10% of the net surplus of the Credit Union's for the year is to be transferred to a reserve fund. In accordance with Bye-Law 49 of the Credit Union, this reserve fund may be used only with the approval of the Commissioner of Co-operative Development for bad loans and other losses sustained through extraordinary circumstances over which the Credit Union had no control.

t. Education fund

In accordance with Bye-Law 50 of the Credit Union, an amount not exceeding 5% of the net surplus for the year, after making appropriations to the Reserve Fund shall be set aside in a Special Fund to be used for the educational purposes. This fund shall be administered by the Education Committee.

u. Fair value reserve

The Board of Directors has created an investment remeasurement reserve which consists of unrealised gains/(losses) on investment securities at FVTOCI.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

3. FINANCIAL RISK MANAGEMENT

Financial Risk Factors

The Credit Union's activities are primarily related to the use of financial instruments. The Credit Union accepts funds from members and earns interest by investing in equity investments, securities and Bonds.

Financial Instruments

The following table summarises the carrying amounts and fair values of the Credit Union's financial assets and liabilities:

	2020	
Financial Assets	Carrying Value	Fair Value
	\$	\$
Cash and short term funds	2,127,624	2,127,624
Investments	51,115,312	51,115,312
Receivables and prepayments	637,279	637,279
Members' loans	36,617,833	36,617,833
	<u>90,498,048</u>	<u>90,498,048</u>
Financial Liabilities	\$	\$
Payables and accruals	398,388	398,388
Members' shares	51,982,422	51,982,422
Members' deposits	28,001,888	28,001,888
Co-operative societies deposits	10,000,000	10,000,000
	<u>90,382,698</u>	<u>90,382,698</u>
	2019	
Financial Assets	Carrying Value	Fair Value
	\$	\$
Cash and short term funds	2,218,082	2,218,082
Investments	54,476,172	54,476,172
Receivables and prepayments	410,429	410,429
Members' loans	40,041,069	40,041,069
	<u>97,145,752</u>	<u>97,145,752</u>
Financial Liabilities	\$	\$
Payables and accruals	1,052,196	1,052,196
Members' shares	55,693,099	55,693,099
Members' deposits	27,759,300	27,759,300
Co-operative societies deposits	7,750,000	7,750,000
	<u>92,254,595</u>	<u>92,254,595</u>

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3. FINANCIAL RISK MANAGEMENT (cont'd)

Financial Instruments (continued)

The Credit Union is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the Credit Union to manage these risks are discussed below:

a. Interest rate risk

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

The Credit Union is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in bonds, loans, deposits and other funding instruments.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

b. Credit risk

Credit risk is the risk of financial loss to the Credit Union if a member or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Credit Union's loans to members and other banks, and investment debt securities. The Credit Union relies heavily on a written Loan and Investment Policy Manual, which sets out in detail the current policies governing the lending and investment function and provides a comprehensive framework for prudent risk management of the credit function.

Adherence to these guidelines is expected to communicate the Credit Union's lending and investment philosophy; provide policy guidelines to team members involve in lending; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

For risk management reporting purposes, the Credit Union considers and consolidates all elements of credit risk exposure – e.g. individual obligor default risk, regional and industry sector risk.

The market risk in respect of changes in the value of financial assets measured at FVTOCI arising from changes in market credit spreads applied to debt securities is managed as a component of market risk.

(i) Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk to management and the Credit Committee. The loans and finance departments, reporting to the respective committees, are responsible for managing the Credit Union's credit risk, including the following:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval and renewal of credit facilities. Authorisation limits are allocated to Loan Officers and larger facilities require approval by the Credit Committee or the Board of Directors, as appropriate.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3. FINANCIAL RISK MANAGEMENT (cont'd)

b. Credit risk (cont'd)

(ii) Management of credit risk (continued)

- Reviewing and assessing credit risk: Credit assesses all credit exposures in excess of designated limits, before facilities are committed to members by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans, financial guarantees and similar exposures), and by issuer, credit rating band and market liquidity (for investment securities).
- Developing and maintaining the Credit Union's Credit Scores used to categorize exposures according to the degree of risk of default. The responsibility for setting risk scores lies with the final approving executive or committee, as appropriate. Risk scores are subject to regular reviews by the Credit Union's Board.
- Developing and maintaining the Credit Union's processes for measuring the ECL: This includes processes for:
 - a. initial approval, regular validation and back-testing of the models used;
 - b. incorporation of forward-looking information.
- Reviewing compliance of the Credit Union's units with agreed exposure limits, including those for selected industries, regional risk and product types. Regular reports on the credit quality of local portfolios are provided to Credit, which may require appropriate corrective action to be taken. These include reports containing estimates of ECL allowance.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Credit Union in the management of credit risk.

(iii) Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Credit Union considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Credit Union's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default ("PD") as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

3. FINANCIAL RISK MANAGEMENT (cont'd)

b. Credit risk (cont'd)

(iv) Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Credit Union collects performance and default information about its credit risk exposures. The Credit Union employs statistical models to analyse the data collected and entered into the Emortella software and generate estimates of the remaining lifetime PD of exposures.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of other key factors (e.g. period of employment, debt service ratio, securitization of loan) on the risk of default.

(v) Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by stages and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Credit Union's policy, installments in arrears determined to have increased by more than Thirty (30) Days.

Using its credit judgement and, where possible, relevant historical experience, the Credit Union may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Credit Union considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due or, for [certain types of exposure], more than 90 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

The Credit Union monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- The criteria do not align with the point in time when an asset becomes 30 days past due; and
- There is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3. FINANCIAL RISK MANAGEMENT (cont'd)

b. Credit risk (cont'd)

(vi) Definition of default

The Credit Union considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Credit Union in full, without recourse by the Credit Union to actions such as realizing security (if any is held);
- The borrower is past due more than 90 days on any material credit obligation to the Credit Union.
- The Credit Union agrees to a distressed restructuring resulting in a material credit related diminished asset stemming from such actions as material forgiveness or postponement of payments or repayments of amount owing;
- The Credit Union has filed for the borrower's bankruptcy in connection with the credit obligation; or
- The borrower has sought or been placed in bankruptcy resulting in the delay or avoidance of repayment of the amount owing. In assessing whether a borrower is in default, the Credit Union considers indicators that are:
 - Qualitative – e.g. breaches of covenant;
 - Quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Credit Union; and
 - Based on data developed internally and obtained from external sources.
- Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Credit Union for regulatory purposes.

(vii) Incorporation of forward-looking information

The Credit Union incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Credit Union formulates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two more additional economic scenarios, and considering the relative probabilities of each outcome.

The Credit Union has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3. FINANCIAL RISK MANAGEMENT (cont'd)

b. Credit risk (cont'd)

(viii) Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default ("PD");
- Loss given default ("LGD"); and
- Exposure at default ("EAD").

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

PD represents the probability of occurrence of an event of default of the credit exposure, in a defined time lag (i.e. 1 year). The Credit Union intends to strengthen this model by using rating tools tailored to the various categories of loan and exposures. These statistical models will be based on internally compiled data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD represents the percentage of the estimated loss, and thus the expected rate of recovery, at the date of occurrence of the default event of the credit exposure. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the measure of the exposure at the time of the event of default of the credit exposure. The Credit Union derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. For lending commitments, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and future expectations.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Credit Union measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Credit Union considers a longer period. The maximum contractual period extends to the date at which the Credit Union has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit risk gradings;
- collateral type;
- date of initial recognition (vintage);
- remaining term to maturity;

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

3. FINANCIAL RISK MANAGEMENT (cont'd)

b. Credit risk (cont'd)

viii. Measurement of ECL (continued)

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

For the Loans portfolios in respect of which the Credit Union has limited historical data, external benchmark information is used to supplement the internally available data.

c. Liquidity risk

Liquidity risk is the risk that the Credit Union will not be able to meet its payment obligations when they fall due. The Credit Union maintains a diverse portfolio of investments and marketable securities that can be liquidated in the event of an unforeseen interruption in cash flows.

d. Operational risk

Operational risk is derived from deficiencies relating to the Credit Union's information technology and control systems, as well as the risk of human error and natural disasters. The Credit Union's systems are evaluated, maintained and upgraded continuously. Supervisory controls are also installed to minimize human error.

e. Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Commissioner for Co-operative Development division, as well as by the monitoring controls applied by the Credit Union.

f. Reputation risk

The risk of loss of reputation arising from the negative publicity relating to the Credit Union's operations (whether true or false) may result in a reduction of its membership, reduction in revenue and legal cases against the Credit Union. The Credit Union engages in public social endeavours to engender trust and minimize this risk.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Credit Union's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Credit Union makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Changes in accounting estimates are recognised in the statement of comprehensive income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- (i) Whether investments are classified as fair value through other comprehensive income or amortised cost.
- (ii) Depreciation method(s) used for property, plant and equipment.

The key assumptions concerning the future and other key sources of estimation and uncertainty at the statement of financial position date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Impairment of assets

Management assesses at each statement of financial position date whether the assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

(ii) Property, plant and equipment

Management exercises judgement in determining whether future economic benefits can be derived from expenditure to be capitalised and in estimating the useful lives and residual value of these assets.

(iii) Allowances for credit losses

Loans and investments accounted for at amortised cost are evaluated for impairment on a basis described in 2(h).

(iv) Financial asset classification

The Credit Union's accounting policies provide scope for assets to be designated on inception into different accounting categories. In classifying financial assets as "fair value through other comprehensive income", the Credit Union has determined that it meets the description of assets not held for trading.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

5. PROPERTY, PLANT AND EQUIPMENT

	Land & Building	Leasehold Improvements	Office Furniture and Equipment	Software	Total
	\$	\$	\$	\$	\$
Year ended December 31, 2020					
Cost	839,080	206,237	449,726	139,566	1,634,609
Accumulated depreciation	-	(126,648)	(261,948)	(13,228)	(401,824)
Net Book Amount	839,080	79,589	187,778	126,338	1,232,785
Net Book Amount					
January 1, 2020	1,327,286	81,213	122,329	-	1,530,828
Additions/adjustment	21,080	-	93,370	139,566	254,016
Disposal	-	-	(3,120)	-	(3,120)
Impairment charge	(509,286)	-	-	-	(509,286)
Depreciation charge	-	(1,624)	(24,801)	(13,228)	(39,653)
December 31, 2020	839,080	79,589	187,778	126,338	1,232,785
Year ended December 31, 2019					
Cost	1,327,286	206,237	359,946	-	1,893,469
Accumulated depreciation	-	(125,024)	(237,617)	-	(362,641)
Net Book Amount	1,327,286	81,213	122,329	-	1,530,828
Net Book Amount					
January 1, 2019	1,327,286	95,545	137,890	-	1,560,721
Additions	-	-	14,397	-	14,397
Disposals	-	-	(2,997)	-	(2,997)
Depreciation charge	-	(14,332)	(26,961)	-	(41,293)
December 31, 2019	1,327,286	81,213	122,329	-	1,530,828

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
6. RECEIVABLES AND PREPAYMENTS		
Interest receivables	348,884	313,612
Sundry receivables	288,395	96,817
	<u>637,279</u>	<u>410,429</u>
7. MEMBERS' LOANS		
(a) Members' loans	41,901,104	48,168,213
Allowance for loan losses - (IAS 39)	-	(8,127,144)
Expected credit losses on loans - (IFRS 9)	(5,283,271)	-
	<u>36,617,833</u>	<u>40,041,069</u>
(b) Analysis of movement in expected credit losses as follows:		
Balance at beginning of year	8,127,144	7,831,304
Reclassification adjustment (note 19)	(3,497,368)	-
IFRS 9 adjustment effective Jan 1, 2020 (note 19)	476,116	-
Revised opening balance	5,105,892	7,831,304
Amounts written off during the year	(1,339,508)	(4,160)
Change for the year	1,516,887	300,000
Balance as at end of year	<u>5,283,271</u>	<u>8,127,144</u>
(c) Aging of Members' loans		
Principal neither past due nor impaired	20,054,929	-
Principal which is past due but not impaired	594,761	-
Principal which is impaired	21,251,414	-
Total gross loans	41,901,104	-
Less: Expected credit losses on loans	(5,283,271)	-
Total loans net of expected credit losses	<u>36,617,833</u>	<u>-</u>

The table below shows the stage classification of loans to members and related expected credit losses in accordance with IFRS 9.

	Stage 1	Stage 2	Stage 3	Total
Principal loans balances	20,054,929	594,761	21,251,414	41,901,104
Expected credit losses	(391,008)	(16,613)	(4,875,650)	(5,283,271)
	<u>19,663,921</u>	<u>578,148</u>	<u>16,375,765</u>	<u>36,617,833</u>

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
8. CASH AND SHORT-TERM FUNDS		
Republic Bank Limited - TTD	1,319,321	1,596,406
JMMB Bank (Trinidad and Tobago) Limited - USD	514,827	333,265
Cash in hand	293,476	288,410
	<u>2,127,624</u>	<u>2,218,082</u>
9. INVESTMENTS		
(a) Fair value through other comprehensive income:		
Ansa McAL Limited 5,299 shares (2019 - 5,299 shares)	283,497	292,505
Carrera's Group Limited 769,000 shares (2019 - 769,000 shares)	254,290	321,910
First Citizens Bank Limited 4,500 shares (2019 - 4,500 shares)	193,635	200,250
Grace, Kennedy & Company Limited 593,991 shares (2019 - 593,991 shares)	2,286,865	2,346,264
Guardian Holdings Limited 202,694 shares (2019 - 202,694 shares)	4,236,305	4,388,325
Guardian Media Limited 71,252 shares (2019 - 71,252 shares)	243,682	534,390
Jamaica Money Market Brokers Limited 1,062,880 shares (2019 - 1,062,880 shares)	2,040,730	2,731,602
National Commercial Bank Jamaica Limited 225,035 shares (2019 - 225,035 shares)	1,829,535	2,443,880
National Flour Mills Limited 12,694 shares (2019 - 12,694 shares)	27,292	17,137
Massy Holdings Limited 2,500 shares (2019 - 2,500 shares)	152,475	152,500
National Enterprises Limited 5,000 shares (2019 - 5,000 shares)	15,650	28,800
One Caribbean Media Limited 9,000 shares (2019 - 9,000 shares)	43,560	76,500
Point Lisas Development Corporation 44,527 shares (2019 - 44,427 shares)	140,260	160,297
Republic Financial Holdings Limited 1,000 shares (2019 - 1,000 shares)	134,990	131,220
Sagicor Financial Corporation (Ordinary shares) 92,145 shares (2019 - 92,145 shares)	3,113,882	4,694,841
Scotiabank Trinidad & Tobago Limited 2,000 shares (2019 - 2,000 shares)	116,000	122,000
Trinidad Cement Limited 2,000,000 shares (2019 - 2,000,000 shares)	5,000,000	4,000,000
Sub-total	<u>20,112,648</u>	<u>22,642,420</u>

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
9. INVESTMENTS (continued)		
(a) Fair value through other comprehensive income (continued):		
Trinidad and Tobago NGL Limited 87,872 shares (2019 - 87,872 shares)	1,493,824	2,105,413
West Indian Tobacco Company Limited 3,027 shares (2019 - 3,027 shares)	107,156	125,348
Trinidad and Tobago Unit Trust Corporation Limited (First Scheme) 1,592 shares (2019 - 1,586 shares)	29,872	29,729
Trinidad and Tobago Unit Trust Corporation Limited (Second Scheme) 83 units (2019 - 81 units)	1,634	1,628
The Central Finance Facility Co-operative Society of T&T Limited 25 shares (2019 - 25 shares)	625,000	625,000
ANSA Merchant Bank Limited - (USD Fund)	-	277,749
Trinidad and Tobago Unit Trust Corporation Limited - (US Account) 334 units (2019 - 330 units)	44,653	44,229
WISE - (US \$ Account)	457	457
Sub-total	<u>22,415,244</u>	<u>25,851,973</u>
(b) Investments securities held at amortised cost:		
Government of Bahamas 5.75% due 16 January 2024	2,081,518	2,253,036
Government of Barbados 6.5% due 1 October 2029	2,083,458	2,084,232
Trinidad Generation Unlimited 5.25% due 4 November 2027	4,023,715	4,023,771
Trinidad Petroleum Holdings Ltd. 9.75% due 15 June 2026	4,201,875	4,203,437
Government of Trinidad & Tobago 4.5% due 4 August 2026	3,845,623	3,815,679
TSTT 8.875 % due 18 October 2029	2,053,204	2,058,003
Government of Barbados 6.5% due 1 February 2021	9,668	127,112
KSBM Asset Management Repo	6,476,223	5,207,294
KCL Capital Market Brokers Limited	2,286,975	2,851,635
Republic Bank Limited - TSTT 8.3% secured notes due 2029	2,000,000	2,000,000
Expected credit losses on investments	(362,191)	-
Sub-total	<u>28,700,068</u>	<u>28,624,199</u>
Total investments	<u>51,115,312</u>	<u>54,476,172</u>
(c) Movement in expected credit losses as follows:		
Balance at beginning of year	-	-
IFRS 9 financial assets remeasurements - (note 19)	391,317	-
Revised opening balance	391,317	-
Amounts written back for the year	(29,126)	-
Balance at the end of year	<u>362,191</u>	<u>-</u>

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
10. PAYABLES AND ACCRUALS		
Payables and accruals	381,480	1,031,082
Other payables	16,908	21,114
	<u>398,388</u>	<u>1,052,196</u>
11. CO-OPERATIVES SOCIETIES DEPOSITS		
Venture Credit Union Co-operative Society Limited	6,500,000	3,000,000
The Central Finance Facility Co-operative Society of T&T Limited	3,500,000	4,000,000
Duncan Village Credit Union Co-operative Society Limited	-	750,000
	<u>10,000,000</u>	<u>7,750,000</u>
12. ADMINISTRATIVE		
Advertising & donations	3,150	1,000
Annual general meeting	42,000	42,338
Loss on disposal of office furniture and equipment	3,120	2,997
Office and stationery	148,656	140,893
Repairs and maintenance	11,126	3,196
Refreshments	9,857	6,498
Rent	61,710	60,000
Security	238,055	262,332
Telephone and electricity	37,074	39,039
	<u>554,748</u>	<u>558,292</u>

13. 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 in making financial decisions.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Credit Union.

Balances and transactions with related parties and key management personnel during the year were as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Statement of Financial Position		
Members' Loans	994,338	1,353,490
Members' Shares and Deposits	8,041,942	7,114,413
Statement of Comprehensive Income		
Key Management Compensation	560,263	633,737

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

14. FAIR VALUES

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value.

Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

(a) Current assets and liabilities

The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.

(b) Investments

The fair value of investments are determined on the basis of market prices available as at December 31, 2020.

(c) Members' Loans

Loans are net specific of loss allowances. These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values which are substantially in accordance with financial statement amounts.

(d) Members' Deposits

Members' deposits bear interest at rates that are not significantly different from current rates and are assumed to have discounted cash flow values which approximate carrying values.

15. CAPITAL RISK MANAGEMENT

The Credit Union manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to members, providing value to its members by offering loan and savings facilities. The Credit Union's overall strategy remains unchanged from previous years.

The capital structure of the Credit Union consists of equity attributable to members, which comprises reserves and undivided earnings.

16. CAPITAL COMMITMENTS

The Credit Union has Capital Commitments for the year ended December 31, 2020 with Quick Insight Steel Bending Contractors Limited, valued at \$3,300,000 for the construction of the Credit Union's main office building at #94 Southern Main Road, Plaisance Park, Pointe-a-Pierre, Trinidad.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

17. CONTINGENT LIABILITIES

As at December 31, 2020, there was a legal matter pending against the Credit Union for which no provision has been made, as professional advice indicate that it would be premature at this stage of the action to determine that eventuality.

18. SUBSEQUENT EVENTS

Background

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020. Covid-19 as well as measures to slow the spread of the virus, have since had a significant impact on global economies and equity, debt and commodity markets. The Credit Union has considered the impact of COVID-19 and other market volatility is preparing its financial statements.

The duration and extent of the COVID-19 pandemic and related financial, social and public health impacts of the pandemic are uncertain. As such, the actual economic events and conditions in the future may be materially different from those estimated by the Credit Union at the reporting date. No matters have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Credit Union. The Credit Union, will continue to closely monitor the situation in order to plan its response, if necessary.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

19. RECONCILIATION ON STATEMENT OF FINANCIAL POSITION FROM IAS 39 TO IFRS 9

The following table reconciles the carrying amount of financial assets from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on January 1, 2020:

	IAS 39 Carrying amount as at December 31, 2019	ECL Remeasurement	Reclassifications	IFRS 9 Carrying amount as at December 31, 2019
	\$	\$	\$	\$
Financial Assets				
Investment securities held at amortised cost:				
Opening balance	28,624,199	-	-	28,624,199
Expected credit losses on investments	-	(391,317)	-	(391,317)
Ending balance	<u>28,624,199</u>	<u>(391,317)</u>	-	<u>28,232,882</u>
Members' Loans				
Opening balance	48,168,213	-	(3,497,368)	44,670,845
Expected credit losses on members' loans	(8,127,144)	(476,116)	3,497,368	(5,105,892)
Ending balance	<u>40,041,069</u>	<u>(476,116)</u>	-	<u>39,564,953</u>
Change on initial application of IFRS 9		<u>(867,433)</u>		

20. PRIOR YEAR ADJUSTMENTS

Correction of Valuation of Bonds	152,274
Correction of Fair Value Reserve	1,000,598
Total	<u>1,152,872</u>

21. TRANSFERS

At the Board of Directors meetings held on March 4, 2021 and July 1, 2021 respectively, members' of the Board of the Credit Union, approved resolutions to transfer the "Other Funds" amounting to \$288,208, which comprise of Medical Fund, Building Fund and Insurance Fund, and the Loan Loss Provision amounting to \$8,930,901 respectively to Undivided Earnings.

CEMCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

PROJECTED INCOME AND EXPENDITURE STATEMENT 2021

<u>INCOME</u>	<u>BUDGET 2021</u>
Loan Interest	2,900,000
Other Income	1,650,000
Dividend	400,000
Forex Gain/Loss	2,000
	<hr/>
<u>TOTAL INCOME</u>	<u>4,952,000</u>
	<hr/> <hr/>
<u>OPERATING EXPENSES</u>	
Advertising	5,000
Annual General Meeting	30,000
Audit	60,000
Bank Charges	36,000
Interest on Members' Fixed Deposits	640,000
Interest on Co-operative Societies' Term Deposits	335,000
Legal and Professional Services	150,000
Depreciation	90,000
Insurance Premiums	450,000
Donation and Sports	5,000
Equipment Repairs and Maintenance	10,000
Appreciation & Official Training	50,000
Office, Printing, Stationery Expenses	105,000
Salaries, wages and Benefits	1,250,000
Security	240,000
Telephone & Electricity	35,000
Office Rental	60,000
Green Fund Levy	8,700
Commissions & Fees- Investments	15,000
	<hr/>
<u>TOTAL EXPENSES</u>	<u>3,574,700</u>
	<hr/>
Net Surplus/Deficit before Gain/Loss On S/Term Investments	1,377,300
Unrealised Gain/Loss on S/Term Investment	0
	<hr/>
Net Surplus After Unrealised Gain/Loss On S/Term Investments	<u>1,377,300</u>
	<hr/> <hr/>

The above is projected based on the current expected income and expense being incurred.

RESOLUTIONS

The Board of Directors hereby recommend the following resolutions for your consideration and acceptance:

1.0 AUDITOR

"Be it Resolved that the firm I.A. Ali and Associates be appointed as Auditors for the final year 2021."



CODE OF ETHICS

INTRODUCTION

The Board has been elected by the Members of the CREDIT UNION to represent their interest. The Co-operative Societies Act and Bye-Laws or rules of the CREDIT UNION define the manner in which the CREDIT UNION will conduct its affairs. Much more is required of the Board Member as a co-operative leader, a representative of the members and member of the Board.

This Code of Ethics sets the principles and standards which every effective Board Member should live by in the role of leader in co-operative business.

(A) **As a Representative of the total membership**

1. Project a positive image as a leader of the CREDIT UNION through full support of the services it provides.
2. Be totally familiar with the CREDIT UNION's operating principles and apply them to the operations of the CREDIT UNION.
3. Always act in good faith and only in the interest of the CREDIT UNION and the membership as a whole.
4. Be aware of and understand the Mission and Objectives of the CREDIT UNION.
5. Seek input from the membership and report openly on all aspects of the CREDIT UNION activities.

(B) **As a member of the Board of Directors**

1. Always act for the CREDIT UNION as a whole, rather than for a director's own private interest or those of small groups he/she may be most familiar with.
2. Contribute to discussions as part of decision-making and respect Board decisions on all issues.
3. Recognize his/her mandate and respect lines of authority and responsibility given to its representatives and staff to avoid conflicts of interest that could damage the CREDIT UNION.
4. Maintain relationships with staff and develop trust and respect and avoid personal relationships that may affect objectivity in making decisions that impact on the image of the CREDIT UNION.
5. Respect the confidentiality of Board room discussions and privileged information.
6. Provide leadership to ensure that employees are viewed as an integral part of the CREDIT UNION and are treated fairly and equitably within an environment that promotes motivation and meaningful contribution.
7. Make certain the CREDIT UNION has clear, long, medium and short term plans that can be developed and measured realistically.
8. Fulfill all personal obligations to the CREDIT UNION.

(C) **As a member of the Community:**

1. Project a positive image of the CREDIT UNION as an economic organization actively involved in addressing issues facing the Co-operative Community and by extension its members.

PRAYER OF ST. FRANCIS OF ASSISI

Lord, make me an instrument of Thy peace

Where there is hatred, let me show love

Where there is injury, Pardon

Where there is doubt, Faith

Where there is despair, Hope

Where there is darkness, Light

And where there is sadness, Joy

Oh! Divine Master

Grant that I may not so much seek

To be consoled, as to console

To be understood as to understand

To be loved as to love

For it is 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.

The National Anthem

Forged from the love of liberty

In the fires of hope and prayer

With boundless faith in our destiny

We solemnly declare

Side by side we stand

Islands of the blue Caribbean Sea

This our native land

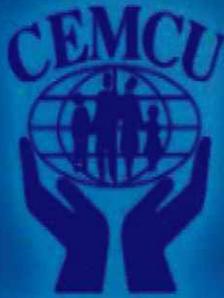
We pledge our lives to thee

Here every creed and race

Find an equal place

And may God bless our Nation

(Repeat)



"Empowering our members
to attain Financial Independence"



Medical + Education

& Home Repair Loans

LOAN FOR EDUCATION,
MEDICAL, HOUSE REPAIRS

AMOUNT

2YEAR
MONTHLY
PAYMENT

3YEAR
MONTHLY
PAYMENT

4YEAR
MONTHLY
PAYMENT

SECURED

50,000

2,261

1,566

1,220

SECURITY/ CHARACTER

50,000

2,284

1,589

1,244

UNSECURED/CHARACTER

50,000

2,353

1,660

1,317



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