

TRINIDAD AND TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND CO-OPERATIVE SOCIETY LIMITED

49-50, Montrose Main Road, Chaguanas, Trinidad, W.I.

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Website: www.stabfundtt.com

TRINIDAD AND TOBAGO
CREDIT UNION DEPOSIT
INSURANCE FUND
CO-OPERATIVE SOCIETY LIMITED

Statement of Management's Responsibility

Management is responsible for the following:

- Preparation and fairly presenting the accompanying financial statements of the Trinidad & Tobago Credit Union Deposit Insurance Fund Co-operative Society Limited, which comprise the statement of financial position as at June 30, 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 Society 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 Society's assets, detection/prevention of fraud, and the achievement of Society'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 Society 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.


General Manager

October 1, 2021


Accountant

October 1, 2021

**TRINIDAD & TOBAGO CREDIT UNION
DEPOSIT INSURANCE FUND CO-OPERATIVE
SOCIETY LIMITED**

Financial Statements
for the year ended
June 30, 2020



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.accountingsolutionstt.com

Independent Auditor's Report

To the members of

Trinidad & Tobago Credit Union Deposit Insurance Fund Co-operative Society Limited

Opinion

We have audited the financial statements of Trinidad & Tobago Credit Union Deposit Insurance Fund Co-operative Society Limited (the Society), which comprise the statement of financial position as at June 30, 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 Society as at June 30, 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 Society 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.

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

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

Member of:



I.A.ALI & ASSOCIATES

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Independent Auditor's Report (continued)

To the members of

Trinidad & Tobago Credit Union Deposit Insurance Fund Co-operative Society Limited

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

Member of:



I.A. ALI & ASSOCIATES

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Independent Auditor's Report (continued)

To the members of

Trinidad & Tobago Credit Union Deposit Insurance Fund Co-operative Society Limited

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

October 1, 2021

Member of:

Association of
Certified Fraud Examiners

Association of
Chartered Certified Accountants


Institute of Chartered Accountants
of Trinidad & Tobago

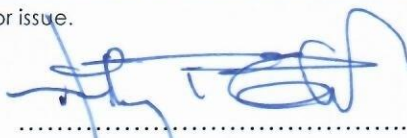
**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020**

	<u>Notes</u>	<u>2020</u> \$	<u>2019</u> \$
ASSETS			
Property, plant and equipment	4	330,601	73,490
Investment securities:			
- measured at amortised cost	9(a)	37,594,776	28,537,432
- measured at fair value through other comprehensive income	9(b)	26,131,405	27,159,488
Receivables and prepayments	7	712,257	713,426
Mortgage loans	6	18,256	37,435
Cash and short-term funds	8	6,838,000	12,344,768
Total Assets		71,625,295	68,866,038
LIABILITIES AND MEMBERS' EQUITY			
Liabilities			
Members' shares		3,400	3,400
Payables and accruals	10	154,375	198,931
Lease liability	5	295,562	-
Total Liabilities		453,337	202,331
Members' Equity			
Reserve fund		8,606,666	8,406,074
Education fund		280,976	279,976
Training fund		257,528	257,528
Investment re-measurement reserve		6,240,449	5,713,457
Share deposit insurance guarantee fund		55,786,338	54,006,672
Total Members' Equity		71,171,958	68,663,707
Total Liabilities and Members' Equity		71,625,295	68,866,038

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

On October 1, 2021, the Board of Directors of Trinidad & Tobago Credit Union Deposit Insurance Fund Co-operative Society Limited authorised these financial statements for issue.


.....
SECRETARY


.....
PRESIDENT


.....
CHAIRMAN OF AUDIT
COMMITTEE

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Notes</u>	<u>2020</u> \$	<u>2019</u> \$
Income			
Members' share guarantee contributions		668,647	1,174,299
Interest income	11	2,148,645	1,603,302
Dividend & other income		<u>1,154,861</u>	<u>1,388,185</u>
Total income		<u>3,972,152</u>	<u>4,165,786</u>
Expenditure			
Administrative	12	395,820	394,809
Governance	13	338,651	151,099
Personnel	14	496,133	503,223
Legal & professional		493,811	461,902
Marketing & promotions		-	4,295
Education & training - membership		213	8,784
Provision for impairment of investment securities		226,356	1,262,158
Provision for impairment of receivables		<u>15,247</u>	<u>286,120</u>
Total expenditure		<u>1,966,231</u>	<u>3,072,390</u>
Net surplus for the year		2,005,922	1,093,396
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss			
Changes in fair value of investments		<u>610,664</u>	<u>2,040,337</u>
Other comprehensive income for the year		<u>610,664</u>	<u>2,040,337</u>
Total comprehensive income for the year		<u>2,616,586</u>	<u>3,133,733</u>

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

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF CHANGES IN MEMBERS' EQUITY AND RESERVES
FOR THE YEAR ENDED JUNE 30, 2020**

	Reserve Fund	Education Fund	Training Fund	Investment Re- measurement Reserve	Share Deposit Insurance Guarantee Fund	Total
	\$	\$	\$	\$	\$	\$
Year ended June 30, 2020						
Balance at July 1, 2019	8,406,074	279,976	257,528	5,713,457	54,006,672	68,663,707
Adjustment for the adoption of IFRS 16	-	-	-	-	(24,663)	(24,663)
Restated balances	8,406,074	279,976	257,528	5,713,457	53,982,009	68,639,044
Total comprehensive income for the year	-	-	-	610,664	2,005,922	2,616,586
Realized gain on disposal of investment at FVTOCI	-	-	-	(83,672)	-	(83,672)
Members education, training and development expense	-	-	-	-	-	-
Transfers	200,592	1,000	-	-	(201,592)	-
Balance at June 30, 2020	8,606,666	280,976	257,528	6,240,449	55,786,338	71,171,958
Year ended June 30, 2019						
Balance at July 1, 2018	8,296,734	378,976	-	3,673,120	53,181,144	65,529,974
Total comprehensive income for the year	-	-	-	2,040,337	1,093,396	3,133,733
Members education, training and development expense	-	(100,000)	257,528	-	(157,528)	-
Transfers	109,340	1,000	-	-	(110,340)	-
Balance at June 30, 2019	8,406,074	279,976	257,528	5,713,457	54,006,672	68,663,707

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

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2020</u> \$	<u>2019</u> \$
Cash flows from operating activities		
Net surplus for the year	2,005,922	1,093,396
Adjustments to reconcile net surplus to net cash generated from operating activities:		
Depreciation	256,492	12,839
Realized gain on disposal of investment at FVTOCI	(83,672)	-
Lease interest	32,296	-
Operating surplus before working capital changes	2,211,038	1,106,235
Decrease in receivables and prepayments	1,169	510,392
Decrease/(increase) in mortgage loans	19,178	(35,069)
Decrease in payables and accruals	(44,556)	(61,230)
Net cash generated from operating activities	<u>2,186,829</u>	<u>1,520,328</u>
Cash flows from investing activities		
Net change in investment securities	(7,418,597)	210,129
Additions to property, plant and equipment	-	(7,170)
Net cash (used in)/generated from investing activities	<u>(7,418,597)</u>	<u>202,959</u>
Cash flows from financing activities		
Lease payments	(275,000)	-
Net cash used in financing activities	<u>(275,000)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(5,506,768)	1,723,287
Cash and cash equivalents		
at beginning of year	<u>12,344,768</u>	<u>10,621,481</u>
Cash and cash equivalents at end of year	<u>6,838,000</u>	<u>12,344,768</u>
Cash and cash equivalents		
Cash and short-term funds	<u>6,838,000</u>	<u>12,344,768</u>
Total cash and cash equivalents	<u>6,838,000</u>	<u>12,344,768</u>

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

TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND

CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

1. REGISTRATION AND ACTIVITIES

The Society was registered in the Republic of Trinidad and Tobago under the Co-operative Societies Act Chapter 81:03. Its registered office is located at 49-50 1st Floor, Montrose Main Road, Chaguanas. The Society's objective is to engender confidence in the Credit Union movement within Trinidad and Tobago by ensuring:

- (a) The protection and stability of member units through preventive and/or curative assistance and,
- (b) The security of members' shares and deposits.

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 (IFRS), and are stated in Trinidad and Tobago dollars. These financial statements are stated on the historical cost basis, except for the measurement at fair value through other comprehensive income and certain other financial instruments.

- (i) *Standards, amendments and interpretations to existing Standards applicable to the Society in the current year, which were adopted by the Society.*

The Society initially applied IFRS 16 Leases using the modified retrospective approach, under which the cumulative effect of initial application is recognised in Share Deposit Insurance Guarantee Fund at July 1, 2019. Accordingly, the comparative information presented for 2019 under IAS 17 and related interpretations are not restated. A number of other new standards, amendments and interpretations are also effective from July 1, 2019 but they do not have a material effect on the Society's financial statements.

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

Standards, amendments and interpretations to existing standards that are not yet effective are not considered to be relevant to the Society and have not been disclosed.

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

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

b. 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 judgment in the process of applying the Society'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.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

Allowances for credit losses

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

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments readily convertible to known amounts of cash and subject to significant 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.

d. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling at the Statement of Financial Position date. All revenue and expenditure transactions denominated in foreign currencies are translated at prevailing rates and the resulting gains and losses are recorded in the Statement of Comprehensive Income.

e. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided on the reducing balance basis at rates estimated to write-off the assets over their expected useful lives.

Right-of-use assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Society will obtain ownership by the end of the lease term.

Current rates of depreciation are:

Furniture & fixtures	-	10% to 25%
Office equipment	-	10% to 20%
Leasehold improvements	-	15% to 20%

f. Revenue recognition

Members' share guarantee contributions

Revenue from members' share guarantee contributions is recognized on the accrual basis after an examination of members' audited financial statements.

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.

Training income

Training income is recognized on the accrual basis.

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Accounts receivable

Accounts receivable are initially measured at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income on a basis described in note (2i).

h. Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

i. Financial assets

The Society classifies its investment financial assets at, amortised cost and 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 corporate bonds, notes, repurchase agreements and fixed deposits.

These are financial assets with fixed or determinable payments and fixed maturity that the Society has the intent an ability to hold to maturity. These are initially measured at cost, being the fair value plus 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 costs 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, which may be sold in response to needs for liquidity or changes in exchange rates or equity prices or that are not classified as loans and receivables.

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

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 revaluation 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 recognised in the statement of comprehensive income.

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Financial assets (continued)

Impairment of financial assets

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

The Society 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 twelve (12) months' credit losses.

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

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 calculate 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 a fair value through other comprehensive income financial asset is calculated by reference to its fair value. Any cumulative gains/(losses) on re-measurement of equity investments, which the society has opted, irrevocably, to measure at fair value through other comprehensive income, are recognized in other comprehensive income as 'Items that may not be reclassified to profit and loss'. Upon derecognition, the cumulative gains/ (losses) previously recognized 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 Society'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. In 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.

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Financial assets (continued)

Impairment of non-financial assets (continued)

For the purpose of impairment testing, assets are grouped together into the smaller group assets that generates cash flows 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.

k. 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.

l. Leases

Policy applicable from July 1, 2019

At inception of a contract, the Society assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset or capacity portion of an asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Society uses the definition of a lease in accordance with IFRS 16.

This policy is applied to contracts entered into, on or after July 1, 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Society allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Society recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Leases (continued)

As a lessee (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Society by the end of the lease term or the cost of the right-of-use asset reflects that the Society will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Society's average incremental borrowing rate. Generally, the Society uses its average incremental borrowing rate as the discount rate.

The Society determines its average incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Society is reasonably certain to exercise, lease payments in an optional renewal period if the Society is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Society is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Society's estimate of the amount expected to be payable under a residual value guarantee, if the Society changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l. Leases (continued)

Leases classified as operating leases under IAS 17

Previously, the Society classified the office space leased as an operating lease under IAS 17. On transition, this lease liability was measured at the present value of the remaining lease payments, discounted at the Society's average incremental borrowing rate as at July 1, 2019 (see Note 5 (i)). Right-of-use assets are measured at:

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Society applied this approach to all leases.
- The Society has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Society used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Society:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use assets at the date of initial application; and
- used hindsight when determining the lease term

m. Reserve Fund

Section 47(2) of the Co-operatives Societies Act 1971 requires that at least 10% of the net surplus of the Society, for the year is to be transferred to a reserve fund. In accordance with Bye-Law 14 of the Society, 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 Society had no control.

n. Education Fund

In accordance with the Bye-Law 13(a) and 15 of the Society, an amount of not more than 5% of the net surplus for the year may be transferred to an education fund, which shall be used for the education and training of the members, officers and staff of the Society.

In accordance with International Financial Reporting Standards, all items of income and expenses must be accounted for through the statement of comprehensive income. Thus, an intra-reserve transfer is made from this fund to the share deposit insurance guarantee fund at year-end to reflect the net expenditure incurred on education projects during the year.

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

o. Training Fund

The training fund hold gains from training programs for the members, officers and staff of the Society, and it shall be used to finance future training programs or mitigate shortages.

In accordance with International Financial Reporting Standards, all items of income and expenses must be accounted for through the statement of comprehensive income. Thus, an intra- reserve transfer is made between this fund and the share deposit insurance guarantee fund at year-end to reflect the net surplus/deficit incurred on training projects during the year.

p. Comparative information

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
CO-OPERATIVE SOCIETY LIMITED
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3. FINANCIAL RISK MANAGEMENT

Financial Risk Factors

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

Financial Instruments

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

	2020	
	\$ Carrying Value	\$ Fair Value
Financial Assets		
Cash and short-term funds	6,838,000	6,838,000
Investment securities	63,726,181	63,726,181
Receivables and prepayments	712,257	712,257
Mortgage loans	18,256	18,256
	<u>71,294,694</u>	<u>71,294,694</u>

	2020	
	\$ Carrying Value	\$ Fair Value
Financial Liabilities		
Payables and accruals	154,375	154,375
Lease liability	295,562	295,562
	<u>449,937</u>	<u>449,937</u>

	2019	
	\$ Carrying Value	\$ Fair Value
Financial Assets		
Cash and short-term funds	12,344,768	12,344,768
Investment securities	55,696,920	55,696,920
Receivables and prepayments	713,426	713,426
Mortgage loans	37,435	37,435
	<u>68,792,549</u>	<u>68,792,549</u>

	2019	
	\$ Carrying Value	\$ Fair Value
Financial Liabilities		
Payables and accruals	198,931	198,931
	<u>198,931</u>	<u>198,931</u>

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
CO-OPERATIVE SOCIETY LIMITED
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3. FINANCIAL RISK MANAGEMENT (continued)

Financial Instruments (continued)

The Society 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 Society to manage these risks are stated 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 Society 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 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 arises when there is a failure by counter parties to discharge their obligations and could reduce the amount of cash inflows from financial assets on hand at the Statement of Financial Position date.

The Society's loan portfolio is managed and consistently monitored and is adequately secured by collateral and where necessary, allowance have been established for potential credit losses on delinquent accounts.

Cash balances are held with high credit quality financial intermediaries/agencies and the Society has policies to limit the amount of exposure to any single financial intermediary/agency.

The Society also actively monitors global economic developments and government's policies that may affect the growth rate of the local economy.

Maximum exposure to credit risk before collateral held or credit enhancements

	2020 \$	2019 \$
Due from banks and other financial institutions	70,564,181	68,041,688
Mortgage loans	18,256	37,435
	<u>70,582,437</u>	<u>68,079,123</u>

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3. FINANCIAL RISK MANAGEMENT (continued)

Financial Instruments (continued)

Financial assets that are neither past due nor impaired

	2020	2019
	\$	\$
Cash held in reputable financial institutions	6,838,000	12,344,768
Investments securities with no default anticipated	63,726,181	55,696,920
Accounts receivable with full repayment expected	712,257	713,426
Mortgage loans	18,256	37,435
	<u>71,294,694</u>	<u>68,792,549</u>

c. Liquidity risk

The Society's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities without incurring losses or risking damage to its reputation. In order to achieve this objective the Society maintains a certain percentage of its total assets in cash, fixed deposits and money market instruments to meet demands for cash withdrawals and other short-term liabilities.

d. Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Society's measurement currency. The Society is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The Society's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

e. Operational risk

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

f. 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 Society.

g. Reputation risk

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

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
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4. PROPERTY, PLANT AND EQUIPMENT

	Right of Use Asset \$	Furniture & Fixtures \$	Office Equipment \$	Leasehold Improvements \$	Total \$
Year ended June 30, 2020					
Cost	739,589	160,879	282,997	251,201	1,434,666
Accumulated depreciation	(472,515)	(138,373)	(242,334)	(250,842)	(1,104,064)
Net Book Amount	267,074	22,506	40,663	359	330,601
Net Book Amount					
July 1, 2019	-	25,561	47,393	536	73,490
Adjustment for the adoption of IFRS 16	513,604	-	-	-	513,604
Restated balances	513,604	25,561	47,393	536	587,094
Depreciation charge	(246,530)	(3,055)	(6,730)	(177)	(256,492)
June 30, 2020	267,074	22,506	40,663	359	330,601
Year ended June 30, 2019					
Cost	-	160,879	282,997	251,201	695,077
Accumulated depreciation	-	(135,318)	(235,604)	(250,665)	(621,587)
Net Book Amount	-	25,561	47,393	536	73,490
Net Book Amount					
July 1, 2018	-	29,380	48,979	800	79,159
Additions	-	-	7,170	-	7,170
Depreciation charge	-	(3,819)	(8,756)	(264)	(12,839)
June 30, 2019	-	25,561	47,393	536	73,490

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
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5. LEASES

The Society leases an office space that typically runs for a period of three (3) years, with an option to renew the lease after that date. The office space was previously classified as operating leases under IAS 17. When measuring lease liabilities for leases that were classified as operating leases, the Society discounted lease payments using its incremental borrowing rate. The weighted average rate applied is 6%. Further information about the lease is presented below.

(i) Right of use asset

Upon adoption of IFRS 16 - Leases the Society recognised a Right-of-use asset which is presented in Note 4.

(ii) Amounts recognised in profit and loss

Leases under IFRS 16	<u>2020</u>
	\$
Interest on lease liability	32,296
Depreciation	246,530
 Operating Leases under IAS 17	 <u>2019</u>
	\$
Office rental	264,000

(iii) Amounts recognized in statement of cash flows

	<u>2020</u>
	\$
Interest on lease liability	32,296
Lease payments	(275,000)

(iv) Finance Lease Liability

Lease Liability as at June 30, 2020 are payable as follows:

	Future minimum lease payments	Interest	Present Value of minimum lease payments
Current	290,400	(17,734)	272,666
Non-current	24,200	(1,304)	22,896
	<u>314,600</u>	<u>(19,038)</u>	<u>295,562</u>

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
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	<u>2020</u> \$	<u>2019</u> \$
6. MORTGAGE LOANS		
Mortgage loans	561,328	572,029
Provision for impairment	<u>(543,072)</u>	<u>(534,594)</u>
	<u>18,256</u>	<u>37,435</u>
7. RECEIVABLES AND PREPAYMENTS		
Contributions due from Members' Credit Unions	994,593	976,248
Interest receivable and prepayments	733,012	745,757
Provision for impairment	<u>(1,015,348)</u>	<u>(1,008,579)</u>
	<u>712,257</u>	<u>713,426</u>
8. CASH AND SHORT-TERM FUNDS		
Cash in hand	3,000	3,000
Republic Bank Limited	359,116	258,507
First Citizens Bank Limited	121,108	287,132
JMMB Bank (Trinidad and Tobago) Limited	375,907	534,227
Trinidad & Tobago Unit Trust Corporation	647,099	1,768,271
Republic Bank Limited - US\$ Money Market Fund	86,947	1,203,155
KSBM Asset Management Limited	3,716,999	6,063,482
Guardian IPI Balanced Fund	842,759	842,759
KCL Capital Market Brokers Limited	685,065	1,243,477
Sheppard Securities Limited	<u>-</u>	<u>140,758</u>
	<u>6,838,000</u>	<u>12,344,768</u>
9(a) INVESTMENT SECURITIES MEASURED AT AMORTISED COST		
KSBM Asset Management Limited - Bonds and US\$ Repurchase Agreements	29,340,599	22,258,625
ANSA Merchant Bank Limited - Bonds	5,000,000	4,000,000
Republic Bank Limited - Bonds	4,000,000	-
Sheppard Securities Limited - Bonds	-	23,267
KCL Capital Market Brokers Limited - Participatory Investment Certificate	742,691	3,517,698
Provision for Impairment	<u>(1,488,514)</u>	<u>(1,262,158)</u>
	<u>37,594,776</u>	<u>28,537,432</u>

In accordance with IFRS 9, the Society assessed the forward looking credit risk of the investment portfolio held at amortised cost and the estimated expected credit losses of \$1,488,514 were provided for, as at June 30, 2020.

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	<u>2020</u> \$	<u>2019</u> \$
9(b) INVESTMENT SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
Equity Instruments		
Ansa McAl Limited (2020 - 5,000 shares)	250,050	275,900
CLICO Investment Fund (2020 - 121,975 shares)	3,049,375	2,679,682
First Citizens Bank Limited (2020 - 156,218 shares)	7,167,282	6,248,720
Guardian Holdings Limited (2020 - 48,425 shares)	929,760	891,020
Guardian Media Limited (2020 - 1,724 shares)	10,344	21,981
National Commerical Bank of Jamaica Limited (2020- 65,000 shares)	510,250	635,050
National Enterprises Limited (2020 - 100,000 shares)	465,000	666,000
Massy Holdings Limited (2020 - 37,650 shares)	2,146,050	2,071,126
One Caribbean Media Limited (2020 - 46,000 shares)	253,000	464,600
Trinidad and Tobago NGL Limited (2020 - 104,440 shares)	1,827,700	3,259,063
Prestige Holdings Limited (2020 - 23,516 shares)	192,831	222,932
Republic Bank Limited (2020 - 2,160 shares)	301,320	261,360
Point Lisas Industrial Port Development Corporation Limited (2020 - 42,254 shares)	141,551	152,537
Royal Bank of Canada (2020 - 5,344 shares)	2,436,479	2,857,063
Sagcor Financial Limited (2020 - 49,341 shares)	1,358,896	2,241,970
Trinidad Cement Limited (2020 - 500 shares)	1,050	1,275
West Indian Tobacco Company Limited (2020 - 28,200 shares)	981,078	1,036,538
Consumer Staples (2020 - 940 shares)	368,245	364,664
Technology Select Sector SPDR (2020 - 866 shares)	604,520	451,489
Financial Select Sector (2020 - 2,069 shares)	319,847	381,482
SPDR Gold Shares (2020 - 667 shares)	745,793	-
SPDR S&P 500. ETF Trust (2020 - 816 shares)	1,680,984	-
JMMB Group Limited (2020 - 200,000 shares)	390,000	-
Standard & Poor's Depository Receipt (2020 - Nil shares)	-	1,975,036
	<u>26,131,405</u>	<u>27,159,488</u>
10. PAYABLES AND ACCRUALS		
Sundry payables and accruals	154,375	198,931

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
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	<u>2020</u> \$	<u>2019</u> \$
11. INTEREST INCOME		
Interest from short-term investments and bonds	2,148,645	1,603,302
12. ADMINISTRATIVE EXPENSES		
Bank charges and commissions	8,264	9,282
Depreciation	256,492	12,839
Electricity	11,427	8,286
Lease interest (note 5 (ii))	32,296	-
Insurances	1,387	14,882
Office expenses	39,481	44,285
Office rental	-	264,000
Stationery	14,625	17,549
Telephone, fax and internet	31,848	23,686
	395,820	394,809
13. GOVERNANCE EXPENSES		
Annual general meeting	66,876	51,600
Board and committee meetings	32,750	29,452
Board and committee stipend	239,025	227,575
Seminars, conferences and official visits (net)	-	(157,528)
	338,651	151,099
14. PERSONNEL EXPENSES		
Salaries	425,788	418,000
National insurance	26,542	27,900
Pensions	16,155	14,244
Other staff costs	27,647	43,079
	496,133	503,223
15. 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.		
Balances and transactions with related parties and key management personnel during the year were as follows:		
Key management compensation		
Board and committee stipend	239,025	227,575

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16. FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date. 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 similar 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 June 30, 2020.

17. CAPITAL RISK MANAGEMENT

The Society manages its capital to ensure that it will be able to continue as a going concern, whilst providing value to its members by offering protection, stability and security to members' shares and deposits. The Society's overall strategy remains unchanged from previous years.

18. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Society has no contingent liabilities and capital commitments.

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
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19. SUBSEQUENT EVENTS

Since year-end, the spread of COVID-19 has severely impacted many economies around the globe. In many countries, businesses are being forced to cease or limit operations for indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and temporary closures of non-essential business services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize businesses and economic conditions.

As a result, management has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended, have not been adjusted to reflect their potential impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of the government and central bank's responses, remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their potential impact on the financial position and results of the Society's operations for the foreseeable future.

Other than the above, there were no significant events that occurred after the Statement of Financial Position date affecting the financial performance, position or changes therein for the reporting period in the financial statements.