

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

Financial Statements
for the year ended
June 30, 2022

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
CO-OPERATIVE SOCIETY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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Chartered Accountants



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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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, 2022, 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 utilized 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 authorized for issue, if later.

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



General Manager

January 31, 2023



Keystone Audit & Assurance Services
Accountant

January 31, 2023



I.A. ALI & ASSOCIATES

Chartered Accountants

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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, 2022, 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, 2022, 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.



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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

January 31, 2023

Member of:

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022**

	<u>Notes</u>	<u>2022</u> \$	<u>2021</u> \$
ASSETS			
Property, plant and equipment	4	617,014	80,919
Investment securities:			
- measured at amortised cost	9(a)	45,180,417	37,103,856
- measured at fair value through other comprehensive income	9(b)	30,351,607	33,563,008
Receivables and prepayments	7	678,852	929,155
Mortgage loans	6	17,412	16,957
Cash and short-term funds	8	9,545,188	11,446,696
Total Assets		86,390,490	83,140,591
LIABILITIES AND MEMBERS' EQUITY			
Liabilities			
Members' shares		3,300	3,400
Payables and accruals	10	47,021	47,815
Lease obligation	5	565,747	22,896
Total Liabilities		616,068	74,111
Members' Equity			
Reserve fund		9,230,458	8,858,436
Education fund		282,976	281,976
Training fund		257,528	257,528
Investment re-measurement reserve		14,619,963	15,617,274
Share deposit insurance guarantee fund		61,383,497	58,051,266
Total Members' Equity		85,774,422	83,066,480
Total Liabilities and Members' Equity		86,390,490	83,140,591

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

On January 31, 2023, 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, 2022**

	Notes	2022 \$	2021 \$
Income			
Members' share guarantee contributions		936,304	908,676
Interest income	11	1,804,662	1,945,332
Dividend & other income		1,239,652	785,611
Realised gain on disposal of investments		<u>1,731,805</u>	<u>105,580</u>
Total income		<u>5,712,423</u>	<u>3,745,199</u>
Expenditure			
Administrative	12	403,207	346,806
Governance	13	269,088	245,844
Personnel	14	424,560	475,467
Legal & professional		586,155	404,671
Impairment losses/(gains) on investment securities		<u>324,160</u>	<u>(245,285)</u>
Total expenditure		<u>2,007,170</u>	<u>1,227,503</u>
Net surplus for the year		3,705,253	2,517,696
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss			
Changes in fair value of investments		734,494	9,482,405
Realized gain on disposal of investment at FVTOCI		<u>(1,731,805)</u>	<u>(105,580)</u>
Other comprehensive (deficit)/income for the year		<u>(997,311)</u>	<u>9,376,825</u>
Total comprehensive income for the year		<u>2,707,942</u>	<u>11,894,521</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, 2022**

	Reserve Fund	Education Fund	Training Fund	Investment Re- measurement Reserve	Share Deposit Insurance Guarantee Fund	Total
	\$	\$	\$	\$	\$	\$
Year ended June 30, 2022						
Balance at July 1, 2021	8,858,436	281,976	257,528	15,617,274	58,051,266	83,066,480
Total comprehensive income for the year	-	-	-	(997,311)	3,705,253	2,707,942
Transfers	372,022	1,000	-	-	(373,022)	-
Balance at June 30, 2022	9,230,458	282,976	257,528	14,619,963	61,383,497	85,774,422
Year ended June 30, 2021						
Balance at July 1, 2020	8,606,666	280,976	257,528	6,240,449	55,786,340	71,171,959
Total comprehensive income for the year	-	-	-	9,376,825	2,517,696	11,894,521
Transfers	251,770	1,000	-	-	(252,770)	-
Balance at June 30, 2021	8,858,436	281,976	257,528	15,617,274	58,051,266	83,066,480

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, 2022**

	<u>2022</u> \$	<u>2021</u> \$
Cash flows from operating activities		
Net surplus for the year	3,705,253	2,517,696
Adjustments to reconcile net surplus to net cash generated from operating activities:		
Depreciation	272,890	255,532
Realized gain on disposal of investment at FVTOCI	(1,731,805)	(105,580)
Lease interest	<u>44,676</u>	<u>17,734</u>
Operating surplus before working capital changes	2,291,014	2,685,382
Decrease/(increase) in receivables and prepayments	250,303	(216,898)
(Increase)/decrease in mortgage loans	(455)	1,299
Decrease in payables and accruals	<u>(794)</u>	<u>(106,560)</u>
Net cash generated from operating activities	<u>2,540,068</u>	<u>2,363,223</u>
Cash flows from investing activities		
Net change in investment securities	(4,130,666)	2,541,722
Additions to property, plant and equipment	<u>(20,410)</u>	<u>(5,849)</u>
Net cash generated from/(used in) investing activities	<u>(4,151,076)</u>	<u>2,535,873</u>
Cash flows from financing activities		-
Lease payments	(290,400)	(290,400)
Decrease in Members' Shares	<u>(100)</u>	<u>-</u>
Net cash used in financing activities	<u>(290,500)</u>	<u>(290,400)</u>
Net (decrease)/increase in cash and cash equivalents	(1,901,508)	4,608,696
Cash and cash equivalents		
at beginning of year	<u>11,446,696</u>	<u>6,838,000</u>
Cash and cash equivalents at end of year	<u>9,545,188</u>	<u>11,446,696</u>
Cash and cash equivalents		
Cash and short-term funds	<u>9,545,188</u>	<u>11,446,696</u>
Total cash and cash equivalents	<u>9,545,188</u>	<u>11,446,696</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, 2022

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.*

There are no Standards, amendments and interpretations to existing Standards applicable to the Society in the current year that were considered to be relevant to the Society and have not been disclosed.

- (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 adopted 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 (i)).

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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 (note 5).

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, 2022

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, 2022

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 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 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, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i. 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.

j. 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.

k. Leases

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.

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.

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.

TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND

CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Leases (continued)

As a lessee (continued)

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.

l. 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.

m. 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
CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

n. 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.

o. 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
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NOTES TO THE FINANCIAL STATEMENTS
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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:

	2022	
	\$ Carrying Value	\$ Fair Value
Financial Assets		
Cash and short-term funds	9,545,188	9,545,188
Investment securities	75,532,024	75,532,024
Receivables and prepayments	678,852	678,852
Mortgage loans	17,412	17,412
	<u>85,773,476</u>	<u>85,773,476</u>

	2022	
	\$ Carrying Value	\$ Fair Value
Financial Liabilities		
Payables and accruals	47,021	47,021
Lease liability	565,747	565,747
	<u>612,768</u>	<u>612,768</u>

	2021	
	\$ Carrying Value	\$ Carrying Value
Financial Assets		
Cash and short-term funds	11,446,696	11,446,696
Investment securities	70,666,864	70,666,864
Receivables and prepayments	929,155	929,155
Mortgage loans	16,957	16,957
	<u>83,059,672</u>	<u>83,059,672</u>

	2021	
	\$ Carrying Value	\$ Carrying Value
Financial Liabilities		
Payables and accruals	47,815	47,815
Lease Liability	22,896	22,896
	<u>70,711</u>	<u>70,711</u>

TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND

CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

	2022 \$	2021 \$
Due from banks and other financial institutions	85,077,212	82,113,560
Mortgage loans	17,412	16,957
	<u>85,094,624</u>	<u>82,130,517</u>

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3. FINANCIAL RISK MANAGEMENT (continued)

Financial Instruments (continued)

Financial assets that are neither past due nor impaired

	2022	2021
	\$	\$
Cash held in reputable financial institutions	9,545,188	11,446,696
Investments securities with no default anticipated	75,532,024	70,666,864
Accounts receivable with full repayment expected	678,852	929,155
Mortgage loans	17,412	16,957
	85,773,476	83,059,672

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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NOTES TO THE FINANCIAL STATEMENTS
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4. PROPERTY, PLANT AND EQUIPMENT

	Right of Use Asset \$	Furniture & Fixtures \$	Office Equipment \$	Leasehold Improvements \$	Total \$
Year ended June 30, 2022					
Cost	788,575	164,214	305,921	251,201	1,509,911
Accumulated depreciation	(240,954)	(143,370)	(257,534)	(251,039)	(892,897)
Net Book Amount	547,621	20,844	48,387	162	617,014
Net Book Amount					
July 1, 2021	20,544	20,062	40,072	241	80,919
Additions	-	3,335	17,075	-	20,410
Additions - right of use assets	788,575	-	-	-	788,575
Depreciation charge	(261,498)	(2,553)	(8,760)	(79)	(272,890)
June 30, 2022	547,621	20,844	48,387	162	617,014
Year ended June 30, 2021					
Cost	739,589	160,879	288,846	251,201	1,440,515
Accumulated depreciation	(719,045)	(140,817)	(248,774)	(250,960)	(1,359,596)
Net Book Amount	20,544	20,062	40,072	241	80,919
Net Book Amount					
July 1, 2020	267,074	22,506	40,663	359	330,602
Additions	-	-	5,849	-	5,849
Depreciation charge	(246,530)	(2,444)	(6,440)	(118)	(255,532)
June 30, 2021	20,544	20,062	40,072	241	80,919

**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. When measuring lease liabilities for leases, the Society discounts lease payments using its incremental borrowing rate. The weighted average rate applied is 6%. Further information about the lease is presented below.

Leases under IFRS 16	2022	2021
	\$	\$

(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

Interest on lease obligation	44,676	17,734
Depreciation	261,498	246,530

(iii) Amounts recognised in statement of cash flows

Interest on lease obligation	44,676	17,734
Depreciation	261,498	246,530
Lease payments	(290,400)	(290,400)

(iv) Finance Lease obligation

June 30, 2022	Future minimum lease payments	Interest	Present Value of minimum lease payments
Current	294,400	(33,945)	260,455
Non-Current	325,000	(19,708)	305,292
	619,400	(53,653)	565,747

June 30, 2021	Future minimum lease payments	Interest	Present Value of minimum lease payments
Current	24,200	(1,304)	22,896

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CO-OPERATIVE SOCIETY LIMITED
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	<u>2022</u> \$	<u>2021</u> \$
6. MORTGAGE LOANS		
Mortgage loans	542,083	560,029
Provision for impairment	(524,671)	(543,072)
	<u>17,412</u>	<u>16,957</u>
7. RECEIVABLES AND PREPAYMENTS		
Contributions due from Members' Credit Unions	1,326,343	1,277,600
Provision for impairment	(1,015,348)	(1,015,348)
	310,995	262,252
Interest receivable and prepayments	367,857	666,903
	<u>678,852</u>	<u>929,155</u>
8. CASH AND SHORT-TERM FUNDS		
Cash in hand	3,000	3,000
Republic Bank Limited	284,013	321,523
First Citizens Bank Limited	188,432	234,251
JMMB Bank (Trinidad and Tobago) Limited	364,816	645,305
Trinidad & Tobago Unit Trust Corporation	1,362,213	941,899
Republic Bank Limited - US\$ Money Market Fund	46,397	140,309
KSBM Asset Management Limited	6,078,035	7,696,108
Guardian IPI Balanced Fund	1,096,272	1,090,602
KCL Capital Market Brokers Limited	122,010	373,699
	<u>9,545,188</u>	<u>11,446,696</u>
9(a) INVESTMENT SECURITIES MEASURED AT AMORTISED COST		
KSBM Asset Management Limited - Bonds and US\$ Repurchase Agreements	35,600,385	28,048,969
ANSA Merchant Bank Limited - Bonds	5,677,930	5,677,930
Republic Bank Limited - Bonds	4,000,000	4,000,000
KCL Capital Market Brokers Limited - Participatory Investment Certificate	1,469,491	620,186
Provision for impairment	(1,567,389)	(1,243,229)
	<u>45,180,417</u>	<u>37,103,856</u>

**TRINIDAD & TOBAGO CREDIT UNION DEPOSIT INSURANCE FUND
CO-OPERATIVE SOCIETY LIMITED
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	<u>2022</u> \$	<u>2021</u> \$
9(a) INVESTMENT SECURITIES MEASURED AT AMORTISED COST (continued)		
(i) Analysis of movement in provision for impairment		
Provision at beginning of the year	1,243,229	1,488,514
Current year impairment expected credit losses/(reversals)	<u>324,160</u>	<u>(245,285)</u>
Provision at end of the year	<u>1,567,389</u>	<u>1,243,229</u>
9(b) INVESTMENT SECURITIES MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME		
Equity Instruments		
Ansa McAl Limited (2022 - 5,000 shares)	280,250	285,000
CLICO Investment Fund (2022 - 121,975 shares)	3,488,485	3,281,128
First Citizens Bank Limited (2022 - 156,218 shares)	7,812,462	7,810,900
Guardian Holdings Limited (2022 - 48,425 shares)	1,322,487	1,598,025
Guardian Media Limited (2022 - 1,724 shares)	5,344	5,603
National Commerical Bank of Jamaica Limited (2022- 65,000 shares)	356,850	520,000
National Enterprises Limited (2022 - 100,000 shares)	325,000	300,000
Massy Holdings Limited (2022 - 753,000 shares)	3,832,769	3,010,871
One Caribbean Media Limited (2022 - 46,000 shares)	188,600	207,460
Trinidad and Tobago NGL Limited (2022 - 104,440 shares)	2,153,553	1,827,700
Prestige Holdings Limited (2022 - 23,516 shares)	163,437	164,377
Republic Bank Limited (2022 - 2,160 shares)	304,582	302,249
Point Lisas Industrial Port Development Corporation Limited (2022 - 42,254 shares)	143,664	130,987
Royal Bank of Canada (2022 - 5,344 shares)	3,519,946	3,642,683
Sagicor Financial Limited (2022 - 49,341 shares)	1,653,910	1,730,882
Trinidad Cement Limited (2022 - 500 shares)	1,850	1,635
West Indian Tobacco Company Limited (2022 - 28,200 shares)	658,470	902,400
Consumer Staples (2022 - 940 shares)	453,277	439,394
Technology Select Sector SPDR (2022 - 866 shares)	735,442	854,274
Financial Select Sector (2022 - 2,069 shares)	434,697	507,133
JMMB Group Limited (2022 - 200,000 shares)	460,000	390,000
SPDR S&P 500. ETF Trust (2022 - 816 shares)	2,056,532	2,333,515
Air BnB (2022 -3,242 shares)	-	3,316,792
	<u>30,351,607</u>	<u>33,563,008</u>

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	<u>2022</u> \$	<u>2021</u> \$
10. PAYABLES AND ACCRUALS		
Sundry payables and accruals	47,021	47,815
11. INTEREST INCOME		
Interest from short-term investments and bonds	1,804,662	1,945,332
12. ADMINISTRATIVE EXPENSES		
Bank charges and commissions	7,692	6,968
Depreciation	272,890	255,532
Electricity	9,600	10,327
Lease interest (note 5 (ii))	44,676	17,734
Insurances	1,704	5,326
Office expenses	32,224	23,838
Stationery	14,427	8,940
Telephone, fax and internet	19,994	18,141
	<u>403,207</u>	<u>346,806</u>
13. GOVERNANCE EXPENSES		
Annual general meeting	15,628	(5,400)
Board and committee meetings	7,940	16,874
Board and committee stipend	245,520	234,370
	<u>269,088</u>	<u>245,844</u>
14. PERSONNEL EXPENSES		
Salaries	352,608	414,609
National insurance	27,633	26,042
Pensions	9,141	12,330
Other staff costs	35,178	22,486
	<u>424,560</u>	<u>475,467</u>
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	245,520	234,370

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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, 2022.

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.

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19. 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 Society 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 Society. The Society, will continue to closely monitor the situation in order to plan its response, if necessary.