

**UNITED ENTERPRISE
CREDIT UNION LTD.**

**FINANCIAL STATEMENTS
JUNE 30, 2024**

UNITED ENTERPRISE CREDIT UNION LTD.

Financial Statements
June 30, 2024

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Independent Auditor's Report

To The Members of
United Enterprise Credit Union Ltd.

Opinion

We have audited the financial statements of **United Enterprise Credit Union Ltd.** (the Credit Union), which comprise the Balance Sheet as of June 30, 2024, Statement of Changes in Equity, Statement of Comprehensive Income and Statement of Cash Flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, with comparative figures for nine months period ended June 30, 2023.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Credit Union as at June 30th, 2024 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting. (IFRS)with comparative figures for nine months period ended June 30, 2023.

Basis for Opinion

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

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

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

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

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

Independent Auditor's Report (*continued*)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 entity'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 entity to cease to continue as a going concern.

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

Independent Auditor's Report (continued)

Other information

Management is responsible for any other information that is presented or distributed with the audited financial statements. Other information may comprise, for example, the content of a Credit Union's Annual Report except for the financial statements and our Auditor's Report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read any other information as identified above and, in doing so, consider whether such other information appears to be materially misstated or inconsistent with the financial statements. If, based on the work we have performed, we conclude that there is a material misstatement in the other information, then we are required to report that fact. At the time of reporting we have not seen any other information and so we cannot offer any comment thereon.

Other Matter

This report is made solely to the Members of **United Enterprise Credit Union Limited**, as a body, in accordance with Section 123 of the Co-operative Societies Act of Barbados, in respect of the financial statements for the year ended June 30, 2024 with comparative figures for nine months period ended June 30, 2023. Our audit work has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Members as a body, for our audit work, for this report, or for the opinion we have formed.

 M. E. Murrell & Co.



M E Murrell & Co.
Chartered Accountants
October 10, 2024

UNITED ENTERPRISE CREDIT UNION LTD.

Balance Sheet

As at June 30, 2024

Expressed in Barbados dollars

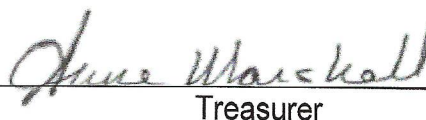
	<u>12 months to June 30, 2024</u>	<u>9 months to June 30, 2023</u>
Assets		
Current assets		
Cash and cash equivalents - Note 7	2,903,915	1,191,149
Accounts receivable and prepayments - Note 8	161,293	156,674
Current investments - Note 9	<u>2,139,104</u>	<u>1,228,561</u>
	5,204,312	2,576,384
Non-current investments - Note 9		
Investment property- Note 10	3,166,917	3,040,972
Loans to members - Note 11	1,248,907	1,213,568
Plant, equipment and right-of-use asset - Note 12	<u>12,169,968</u>	<u>10,752,962</u>
	300,489	104,621
Total assets	<u><u>22,090,593</u></u>	<u><u>17,688,507</u></u>
Liabilities and equity		
Current liabilities		
Accounts payable and accruals - Note 13	295,598	148,247
Deposits and non-qualifying shares payable - Note 14	16,890,408	13,852,591
Current lease liability – Note 14	<u>52,394</u>	<u>45,195</u>
	17,238,400	14,046,033
Non-current lease liability – Note 14	<u>312,242</u>	<u>126,812</u>
Total liabilities	<u>17,550,642</u>	<u>14,172,845</u>
Equity		
Qualifying shares - Note 15	110,900	84,050
Statutory reserve – Note 3 (h)	1,719,517	1,215,452
Revaluation reserve – Note 10 (c)	41,027	41,027
Unrealized gain reserve - Note 9 (c)	1,188,331	824,905
Undivided earnings	<u>1,480,176</u>	<u>1,350,228</u>
Total equity	<u>4,539,951</u>	<u>3,515,662</u>
Total liabilities and equity	<u>22,090,593</u>	<u>17,688,507</u>

MEM M. E. Murrell & Co.

See notes to financial statements.

Approved by the Board of Directors, October 10, 2024, and signed on their behalf by:


President


Treasurer

UNITED ENTERPRISE CREDIT UNION LTD.

Statement of Changes in Equity

June 30, 2024

Expressed in Barbados dollars

	Qualifying Shares	Statutory reserve	Revaluation Reserve	Unrealized gain reserve	Undivided earnings	Total
Balance as previously stated – Year ending September 30, 2022	72,100	970,298	239,102	423,421	1,370,562	3,075,483
Prior year adjustment	0	0	0	0	(7,448)	(7,448)
Balance as restated – Year ending September 30, 2022	72,100	970,298	239,102	423,421	1,363,114	3,068,035
Transfer from Courtesy Co- operative Credit Union Ltd. (Note 17)	10,600	157,005	0	414,204	(207,184)	374,625
Net payments	1,350	0	0	0	0	1,350
Entrance fees	0	530	0	0	0	530
Net income for year	0	0	0	0	281,917	281,917
Fair value loss on unquoted equity investments	0	0	0	(12,720)	0	(12,720)
Investment property revaluation	0	0	(198,075)	0	0	(198,075)
0.5% of assets	0	87,619	0	0	(87,619)	0
Balance as restated– 9 months ending June 30, 2023	84,050	1,215,452	41,027	824,905	1,350,228	3,515,662
Transfer from Family Co- operative Credit Union Ltd. (Notes 17)	24,450	351,721	0	318,226	(279,563)	414,834
Net payments	2,400	0	0	0	0	2,400
Entrance fees	0	690	0	0	0	690
Net income for year	0	0	0	0	561,165	561,165
Fair value loss on unquoted equity investments	0	0	0	45,200	0	45,200
25% of net income	0	151,654	0	0	(151,654)	0
Balance – Year ending June 30, 2024	110,900	1,719,517	41,027	1,188,331	1,480,176	4,539,951

See notes to financial statements.

UNITED ENTERPRISE CREDIT UNION LTD.

Statement of Comprehensive Income

June 30, 2024

Expressed in Barbados dollars

	<u>12 months to June 30, 2024</u>	<u>9 months to June 2023</u>
Interest income		
Loans to members	1,083,110	794,016
Investments	81,654	72,236
Cash and cash equivalents	6,440	292
	<u>1,171,204</u>	<u>866,544</u>
Interest expense		
Demand deposits and non-qualifying shares - 0.25% to 0.75% (prior year 0.25% to .75%)	61,369	40,914
Term deposits - 0.75% to 3.15% (prior year 1.80% to 3.25%)	86,966	59,200
	<u>148,335</u>	<u>100,114</u>
Net interest income	<u>1,022,869</u>	<u>766,430</u>
Other income		
Decrease in impairment provision	314,989	124,000
Dividend received	22,302	6,982
Investment property net income – note 10 (a)	72,304	64,114
Unrealized gain on fair value investments	0	3,067
Write-up of Government securities	16,430	9,769
Sundry income	28,772	18,585
	<u>454,797</u>	<u>226,517</u>
Other expenses		
Depreciation	69,484	83,945
Staff costs - Note 6	305,960	189,063
Unrealized loss on fair value investments	2,300	0
Other operating expenses	538,757	438,022
	<u>916,501</u>	<u>711,030</u>
Net income for year	<u>561,165</u>	<u>281,917</u>
Other Comprehensive Income		
Fair value gain/(loss) on unquoted equity shares - Note 9(c)	45,200	(12,720)
Net comprehensive income for year	<u>606,365</u>	<u>269,197</u>

See notes to financial statements.

UNITED ENTERPRISE CREDIT UNION LTD.

Statement of Cash Flows

June 30, 2024

Expressed in Barbados dollars

	12 months to June 30, 2024	9 months to June 30, 2023
Cash provided / (used) by:		
Operating activities		
Net comprehensive income for year	606,365	269,197
<i>Adjustments for items not involving cash</i>		
Depreciation	95,513	108,195
Decrease in impairment provision	(314,989)	(124,000)
Lease interest expense	7,478	5,315
Transfer of (liabilities) / assets from other credit unions	414,834	374,625
Write-up of Government securities - Note 9(f)	(16,430)	(9,769)
Fair value gain on unquoted equity shares	(45,200)	12,720
Unrealized (loss) / gain on fair value investments	2,300	(3,067)
	749,871	633,216
<i>Change in non-cash operating items</i>		
Accounts receivable and prepayments	(16,804)	19,608
Accounts payable and accruals	147,351	(61,933)
Deposits and non-qualifying shares payable	3,037,817	1,637,602
Qualifying shares	2,400	1,350
Net cash provided by operating activities	3,920,635	2,229,843
Investing activities		
Increase in loans to members	(1,089,833)	(1,273,425)
Increase in investments	(977,158)	(337,256)
Acquisition of investment property	(61,368)	(19,430)
Purchase of plant and equipment	(16,000)	(4,935)
Net cash used by investing activities	(2,144,359)	(1,635,046)
Financing activities		
Lease repayments	(64,200)	(48,150)
Entrance fees	690	530
Net cash provided by financing activities	(63,510)	(47,620)
Increase in cash and cash equivalents	1,712,766	547,177
Cash and cash equivalents - start of year	1,191,149	643,972
Cash and cash equivalents - end of year	2,903,915	1,191,149

See notes to financial statements.

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements

June 30, 2024

Expressed in Barbados dollars

1. Registration

UNITED ENTERPRISE CREDIT UNION LTD. ("the Credit Union") is the continuation of a Society which was first registered as Purity Co-operative Credit Union Limited on October 06, 1976 in accordance with the Co-operative Societies' Act, Cap 378. The Credit Union amended its By-Laws to change its name to United Enterprise Co-operative Credit Union Limited on July 26, 1990. The Credit Union further amended its By-Laws to change its name to United Enterprise Credit Union Limited on March 03, 1995. The Credit Union was continued on August 19, 1994 under the Co-operative Societies Act 1990. The principal place of business is located Upstairs Pearson's Pharmacy, Upper Collymore Rock, St. Michael, Barbados.

2. Principal activities

The principal activities are as follows:

- (a) The provision of means whereby savings can be affected by members and whereby shares in the Credit Union can be purchased.
- (b) The education of members in Co-operative principles and methods and the efficient management of the Credit Union's affairs;
- (c) The creation, out of savings of members and otherwise, of a source of credit available to members on reasonable terms and conditions.

3. Significant accounting policies

(a) Basis of accounting

These financial statements are stated in Barbados dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Key sources of estimation uncertainty include provision for impairment of loans, determination of appropriate rates for depreciation of plant and equipment and estimation of the fair value of unquoted equity investments. The credit union's critical accounting policies and estimates, and their application, are reviewed periodically by management.

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements

June 30, 2024

Expressed in Barbados dollars

3. Significant accounting policies - continued

(c) *Measurement basis*

The measurement basis used is historical cost except for equity investments that are classified as Fair Value investments and which are stated at their fair values.

(d) *Changes in accounting policies*

Management has reviewed the new standards, amendments and interpretations to published standards that are not yet effective and which the Credit Union has not adopted early. Management has assessed the relevance of all such new standards, amendments and interpretations and has concluded that no such amendments are likely to have a material effect on its financial statements.

(e) *Taxation*

The Credit Union is not required to pay taxes on its net income under Section 9(g) of the Income Tax Act of Barbados.

(f) *Depreciation*

Depreciation is provided on plant and equipment on a straight-line basis at rates designed to reduce the cost of assets to their residual value at the end of their useful lives in the business. The annual rates being used are as follows: furniture - 10%; equipment - 12.5% and computer equipment - 25%.

(g) *Investments*

Investments are initially recorded at cost. For subsequent measurement, investments that are classified as being held to maturity are recorded at cost or amortized cost. Available-for-sale equity investments are shown at fair value. All investments are subject to adjustment for any impairment of value. Impairment occurs where the estimated recoverable amount of an asset is less than its carrying value. Management makes an assessment of whether any assets are impaired in value as at each Balance Sheet date.

(h) *Statutory Reserve*

The credit union is required to establish and maintain reserves consisting of the greater of one half of one per cent (0.5%) of assets or twenty-five per cent (25%) of surplus until the capital of the Society equals ten percent (10%) of the total assets of the Society, in accordance with the Co-operative Societies' legislation. Similarly, Entrance Fees are taken to a Reserve Account.

(i) *Education Fund*

A provision is made for Education as stipulated by the Barbados Co-operative & Credit Union League Ltd. The amount provided is three percent (3%) of net income or \$15,000, whichever is the lesser.

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements

June 30, 2024

Expressed in Barbados dollars

3. Significant accounting policies - continued

(j) *Impairment provision*

The level of impairment of the loan portfolio is determined using an Expected Credit Loss (ECL) Model. All outstanding loans are taken into account, as well as loan commitments.

(k) *Financial assets*

Financial assets are recognized in the financial statements when the entity becomes a party to contractual provisions of the instruments.

(l) *Financial liabilities and equity instruments*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(m) *Income recognition*

Interest income is recognized on the accrual basis of accounting. Dividend income is recognized when it is declared by the investee company.

(n) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at bank and call deposits.

(o) *Leases*

The credit union recognizes leases at the commencement date of the lease. A right-of-use (ROU) asset and a lease liability are recognized for all leases, except for short-term leases (12 months or less) and leases of low-value assets. The ROU asset is initially measured at cost, which includes the initial lease liability, any lease payments made at or before the commencement date, and any initial direct costs incurred.

The credit union determined the lease term based on the non-cancellable period of the lease, including renewal options that are reasonably certain to be exercised. The discount rate used to measure the lease liabilities is based on the credit union's incremental borrowing rate.

The Credit Union cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Credit Union would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Credit Union 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Credit Union estimates the IBR using observable

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements

June 30, 2024

Expressed in Barbados dollars

3. Significant accounting policies - continued

inputs, such as market interest rates, when available and is required to make certain entity specific adjustments, such as the subsidiary's stand-alone credit rating, or to reflect the terms and conditions of the lease.

The Credit Union has two lease contracts that include extension and termination options. The Credit Union applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Credit Union reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

4. Fair value of financial instruments and risks

(a) *Financial instruments*

Financial instruments consist of financial assets and liabilities. Financial assets include cash and cash equivalents, accounts receivable and prepayments, loans to members and investments. Financial liabilities include accounts payable and accruals and deposits and shares payable.

(b) *Fair Value*

Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value is best evidenced by a quoted market value. An estimate, based on assumptions, is made of the fair value of each class of financial instrument for which it is practical to make an estimate. The fair values of the financial instruments are estimated to be not materially different from their carrying values in the financial statements.

(c) *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As part of the risk management process, bank deposits are placed only with reputable financial institutions. Loans limits are established and approved by Management and security is generally required for loans. Credit risk on accounts receivable is limited by the provision for impairment.

(d) *Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. It arises because of the possibility that the entity could be required to pay its liabilities earlier than expected. Management reviews the liquidity position of the credit union periodically to assess the availability of cash resources as compared to the projected cash outflows.

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements
June 30, 2024
Expressed in Barbados dollars

Fair value of financial instruments and risks (continued)

(e) *Market Risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk which is the risk of fluctuations in interest rates. The Credit Union's exposure to interest rate risk on its financial instruments is disclosed in the Notes 7,9, 11 and 14.

5. Related parties

(a) Related parties exist where one party has the ability to control or exercise significant influence over the financial or operating decisions of another party. Transactions with related parties may be entered into in the normal course of business. Any such transactions are undertaken on commercial terms and conditions and are conducted at market rates. The Credit Union has a related party relationship with its directors and key management personnel.

(b) The Credit Union has a related party relationship with its directors and its key management personnel. As at the Balance Sheet date, balances with these related parties were as follows:

	<u>12 months to June 30, 2024</u>	<u>9 months to June, 2023</u>
Loans	<u>147,585</u>	<u>174,250</u>
Shares and deposits payable	<u>133,464</u>	<u>67,069</u>

(c) Honoraria paid to related parties is included in Other Operating Expenses, as follows:

Honoraria	<u>18,600</u>	<u>18,000</u>
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(d) Key management personnel remuneration was \$77,292 (prior year \$76,163) and is included in Staff Costs in the Statement of Comprehensive Income.

6. Staff costs	<u>12 months to June 30, 2024</u>	<u>9 months to June 30, 2023</u>
	<u>305,960</u>	<u>189,063</u>

The average number of employees during the year was six (prior year - five).

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements June 30, 2024 Expressed in Barbados dollars

	12 months to June 30, 2024	9 months to June 30, 2023
7. Cash and cash equivalents		
Current account and cash on hand	2,236,642	808,764
Demand deposits - 0.1% p.a. (prior year 0.1%)	6,573	6,568
Barbados Co-operative & Credit Union League Ltd.:		
- Ordinary shares	76,190	73,895
Central Fund Facility Trust		
- Ordinary deposit -0.75% p.a. (prior year 0.75%)	145,012	64,251
- Statutory reserve deposit - 1.25% p.a. (prior year 1.25%)	439,498	237,671
	2,903,915	1,191,149
8. Accounts receivable and prepayments	12 months to June 30, 2024	9 months to June 30, 2023
Interest receivable	106,739	95,841
Other receivables	63,232	54,414
Less: Impairment provision	(70,185)	(55,000)
Prepayments	61,507	61,419
	161,293	156,674
(a) Impairment provision	12 months to June 30, 2024	9 months to June 30, 2023
Balance - start of year	55,000	24,000
Increase in provision	15,185	31,000
Balance - end of year	70,185	55,000

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements

June 30, 2024

Expressed in Barbados dollars

9. Investments	<u>12 months to June 30, 2024</u>	<u>9 months to June 30, 2023</u>
<i>Current investments</i>		
<i>Term deposits - Held to maturity</i>		
Barbados Workers' Union Co-operative Credit Union Ltd. - 1.25% p.a. (prior year 1.25%)	230,293	230,293
Capita Financial Services Inc. -2.15% to 2.4% p.a. (prior year - 2.15% to 2.4%)	347,269	282,248
Central Fund Facility Trust - 1.50% p.a. (prior year 1.50%)	315,710	148,072
City of Bridgetown Co-operative Credit Union Ltd. - 1.5% p.a. (prior year 1.5%)	255,377	264,513
First Citizens Investment Services Ltd. - 1.75% p.a (prior year 1.3%)	16,262	15,486
BOSS Bonds – Note 9 (d)	75,026	0
Net Government securities – Note 9(e)	94,482	84,157
NCB Capital Markets (Barbados) Limited – 2.10% p.a. (prior year 1.5% to 2.1%)	154,685	203,792
RF Merchant Bank and Trust (Barbados) Ltd., Williams Renewable Energy 2, Series B Bond - 4% p.a.	650,000	0
	<u>2,139,104</u>	<u>1,228,561</u>
<i>Non-current investments</i>		
<i>Term deposits - Held to maturity</i>		
BOSS Bonds – Note 9 (d)	174,974	250,000
Net Government securities – Note 9(e)	847,487	685,527
RF Merchant Bank and Trust (Barbados) Ltd., Williams Renewable Energy 2, Series B Bond - 4% p.a.	0	650,000
<i>Available-for-sale</i>		
Barbados Co-operative & Credit Union League Ltd.:		
- 20 membership shares (prior year 40)	400	200
Co-operators General Insurance Co. Ltd.:		
- 4,441 (prior year 3,113) ordinary shares	1,773,602	1,197,198
Co-operators General Management Company Inc.:		
- 1,642 (prior year 1,054) ordinary shares	324,443	209,735
Listed securities – Note 9(a)	46,011	48,312
	<u>3,166,917</u>	<u>3,040,972</u>
	<u>5,306,021</u>	<u>4,269,533</u>

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements

June 30, 2024

Expressed in Barbados dollars

9. Investments - continued

(a) Listed securities

The Credit Union holds 15,337 shares (prior year 15,337) in Goddard Enterprises Limited, which were valued at the balance sheet date using the valuation provided by the Securities and Exchange Commission. The unit value at the balance sheet date was \$3.00 (prior year \$3.15).

(b) The fair value of unquoted equity investments is based on a valuation done by the Consulting Division of the Cave Hill School of Business (CHSOB). CHSOB performed a valuation as at May 31, 2022 for each of these unquoted investments, using a range of generally accepted valuation models. The "best estimate" of the fair market value was estimated as the median value of the fair market values generated from the various models used. The valuation models used were Book Value, Market to Book, Trailing Price Earnings, Price to Sales, Price to Earnings Before Tax and Dividend Growth, Price to Earnings Before Tax, Depreciation and Amortization, Dividend Growth Model and Free Cash Flows to Equity. The Directors consider that the valuation of the unquoted equity investments arrived at by the process described above reflects their fair value as at the balance sheet date.

(c) The Unrealized Gain reserve represents gains on the Credit Union's holdings of unquoted equity investments. These reserves are not intended for distribution but may be used to support the capital of the Credit Union.

(d) *Barbados Optional Savings Scheme (BOSS) bonds*

The BOSS bonds were issued by the Government of Barbados. The bonds were issued in monthly tranches over an eighteen (18) month period from July 2020 to December 2021. Additional BOSS Plus bonds were issued by the Government of Barbados. The bonds carry an annual interest rate of 5% per annum, with the interest being paid in two (2) half-yearly instalments in January and July. Each issue carries a maturity period of four (4) years.

(e) Government restructured securities are Series B securities, consisting of eleven (11) amortizing strips with maturities ranging from five (5) to fifteen (15) years. Interest is payable at the end of each calendar quarter. Interest rates are 1% per annum for the first three (3) years beginning October 01, 2018 and ending September 30, 2021; 2.5% per annum for year four (4) beginning October 01, 2021 and ending September 30, 2022; and 3.75% per annum starting October 01, 2022 until maturity on September 30, 2033. The principal of each strip will be repaid in four equal quarterly instalments commencing one year prior to the maturity date of that strip. In keeping with generally accepted accounting policies and standards, Management has applied a Net Present Value (NPV) calculation to its holdings of these securities which has resulted in a write-down of value as shown below.

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements

June 30, 2024

Expressed in Barbados dollars

9. Investments - continued

(f) The maturity profile of the Government securities is shown below:

Maturity Profile	12 months to June 30, 2024	9 months to June 30, 2023
Current portion - up to one year	<u>94,482</u>	<u>84,157</u>
Non-current portion		
Greater than one, up to 5 years	529,115	379,080
Greater than 5 years, up to 10 years	<u>400,372</u>	<u>382,330</u>
Gross value	<u>929,487</u>	<u>761,410</u>
Net present value write-down	<u>(82,000)</u>	<u>(75,883)</u>
Net Government securities	<u><u>847,487</u></u>	<u><u>685,527</u></u>

10. Investment property

Investment property consists of the following:

(a) Land and Building

Land and building comprise property located at "Hill-Selby", Corner 4th Ave Belleville & Pine Road, St. Michael, Barbados. In 2021, the property was obtained following the transfer of assets and liabilities from the Shamrock Co-operative Credit Union Ltd. to United Enterprise Credit Union Limited. Management has adopted the fair value model to value the Land and Building.

(c) Revaluation reserve

The initial cost of the land and building was \$719,273. This property was revalued on July 11, 2023 using the income approach by an independent valuer, and a loss of \$198,075 was recorded to reduce the revaluation reserve account to \$41,027.

(d) Renewable Energy Project

Management has adopted the cost approach to value the Renewable Energy Project. The Credit Union leased the roof space of the Church of the Nazarene, Collymore Rock, St. Michael, Barbados and invested in a renewable energy project by installing a solar photovoltaic system there-on. The right-of-use asset and related lease liability expenses have been recorded in accordance with IFRS 16, Leases.

In the previous year, the Credit Union made further investment in the project by installing a photovoltaic system on its investment property, land and building, located at "Hill-Selby", Corner 4th Ave Belleville & Pine Road, St. Michael, Barbados.

This project is expected to generate electricity for sale to the Barbados Light and Power Company Limited (BL&P) energy grid. Under the terms of the Agreement, the Credit Union will lease the rooftop space for a duration of twenty (20) years.

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements

June 30, 2024

Expressed in Barbados dollars

10. Investment property - continued

	Total Investment Property	Land and Building (Revalued)	Total Renewable Energy Project	Renewable Energy Project (Depreciated)	Renewable Energy Project Right-of-use Asset (Depreciated)
Restated asat September 30, 2022					
Cost / Valuation	1,425,934	958,375	467,559	325,495	142,064
Accumulated depreciation	(9,471)	0	(9,471)	0	(9,471)
Net book value	1,416,463	958,375	458,088	325,495	132,593
9 months to June 30, 2023					
Net book value - start of period	1,416,463	958,375	458,088	325,495	132,593
Purchases	19,430	0	19,430	19,430	0
Loss on revaluation	(198,075)	(198,075)	0	0	0
Depreciation charge	(24,250)	0	(24,250)	(18,923)	(5,327)
Net book value - end of period	1,213,568	760,300	453,268	326,002	127,266
As at June 30, 2023					
Cost / Valuation	1,247,289	760,300	486,989	344,925	142,064
Accumulated depreciation	(33,721)	0	(33,721)	(18,923)	(14,798)
Net book value	1,213,568	760,300	453,268	326,002	127,266
12 months to June 30, 2024					
Net book value - start of year	1,213,568	760,300	453,268	326,002	127,266
Purchases	61,368	61,368	0	0	0
Depreciation charge	(26,029)	0	(26,029)	(18,925)	(7,104)
Net book value - end of year	1,248,907	821,668	427,239	307,077	120,162
As at June 30, 2024					
Cost / Valuation	1,308,657	821,668	486,989	344,925	142,064
Accumulated depreciation	(59,750)	0	(59,750)	(37,848)	(21,902)
Net book value	1,248,907	821,668	427,239	307,077	120,162

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements

June 30, 2024

Expressed in Barbados dollars

10. Investment property - continued

	12 months to June 30, 2024	9 months to June 30, 2023
Investment property income		
Renewable Energy Project	56,630	31,778
Land and Buildings	22,777	33,918
Total investment property income	79,407	65,696

11. Loans to members

	12 months to June 30, 2024	9 months to June 30, 2023
Total loans outstanding	12,543,968	11,397,962
Less: Impairment provision	(374,000)	(645,000)
Net value of loans	12,169,968	10,752,962

(a) Impairment provision

	12 months to June 30, 2024	9 months to June 30, 2023
Balance - start of year	645,000	580,000
Increase / (Decrease) in provision	(271,000)	65,000
Balance - end of year	374,000	645,000

(b) Maturity profile of loans

Amounts due in:

	12 months to June 30, 2024	9 months to June 30, 2023
Less than one year	511,578	821,349
Greater than one, up to 5 years	4,669,125	4,192,031
Over 5 years	7,363,265	6,384,582
Total	12,543,968	11,397,962

(c) Interest on loans is charged at varying rates, mainly between 7% p.a. and 18% p.a. on the reducing balance basis.

(d) Commitments

	12 months to June 30, 2024	9 months to June 30, 2023
Loans approved but not yet disbursed	0	108,840

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements

June 30, 2024

Expressed in Barbados dollars

12. Plant, equipment and Right of-use asset	Total	Right of Use Asset	Plant and Equipment
Restated as September 30, 2022			
Cost	644,887	249,337	395,550
Accumulated depreciation	(461,256)	(174,536)	(286,720)
Net book value	<u>183,631</u>	<u>74,801</u>	<u>108,830</u>
9 months to June 30, 2023			
Restated net book value - start of year	183,631	74,801	108,830
Additions	4,935	-	4,935
Depreciation charge	(83,945)	(37,401)	(46,544)
Net book value - end of year	<u>104,621</u>	<u>37,400</u>	<u>67,221</u>
As at June 30, 2023			
Cost	649,822	249,337	400,485
Accumulated depreciation	(545,201)	(211,937)	(333,264)
Net book value	<u>104,621</u>	<u>37,400</u>	<u>67,221</u>
12 months to June 30, 2024			
Net book value - start of year	104,621	37,400	67,221
Additions	265,351	249,351	16,000
Depreciation charge	(69,484)	(49,869)	(19,615)
Net book value - end of year	<u>300,488</u>	<u>236,882</u>	<u>63,606</u>
As at June 30, 2024			
Cost	739,154	249,351	489,803
Accumulated depreciation	(438,666)	(12,469)	(426,197)
Net book value	<u>300,488</u>	<u>236,882</u>	<u>63,606</u>
13. Accounts payable and accruals			
	12 months to June 30, 2024	9 months to June 30, 2023	
Interest payable	<u>80,296</u>	61,883	
Other accounts	<u>215,302</u>	86,364	
	<u>295,598</u>	<u>148,247</u>	

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements

June 30, 2024

Expressed in Barbados dollars

14. Lease liabilities	12 months to June 30, 2024	9 months to June 30, 2023
Net book value - start of year	172,007	214,842
Additions	249,351	0
Payments	(64,200)	(48,150)
Interest expense	7,478	5,315
Net book value - end of year	<u>364,636</u>	<u>172,007</u>
(b) Maturity analysis of lease liabilities	12 months to June 30, 2024	9 months to June 30, 2023
<i>Amounts due in:</i>		
Less than one year	52,394	45,195
Greater than one, up to 5 years	190,786	28,998
Over 5 years	121,456	97,814
Total	<u>364,636</u>	<u>172,007</u>
15. Deposits and non-qualifying shares payable	12 months to June 30, 2024	9 months to June 30, 2023
Members deposits	5,826,079	3,787,607
Special savings	780,701	300,334
Regular shares	6,400,680	6,057,616
Term deposits - members	1,422,596	1,269,550
Term deposits - corporate	2,460,352	2,437,484
	<u>16,890,408</u>	<u>13,852,591</u>

- a. There is no predetermined rate of interest payable on regular deposits and shares, since interest is determined by the Board of Directors from time to time and is paid on a quarterly basis, except for Special Savings on which interest is paid on a monthly basis.
- b. Term deposits are accepted for a minimum period of one year in amounts not less than \$500.

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements

June 30, 2024

Expressed in Barbados dollars

16. Qualifying shares	<u>12 months to June 30, 2024</u>	<u>9 months to June 30, 2023</u>
	<u>110,900</u>	<u>84,050</u>

- (a) There is no limit to the number of shares that the Credit Union is authorized to issue. The number of shares held by a member does not determine the member's voting rights since each member is entitled to one vote only at any general meeting.
- (b) The Credit Union is required by its By-Laws to have at least one class of shares, namely qualifying shares, which shall be issued at a par value of \$5. These shares shall be held by all members and shall not be withdrawable on demand but transferrable.
- (c) No interest was paid on qualifying shares.

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements

June 30, 2024

Expressed in Barbados dollars

17. Transfer of assets and liabilities

During this financial year 100% of the assets and liabilities of Family Co-operative Credit Union Limited (**Family**) were transferred to the United Enterprise Credit Union, on May 30, 2024. During the 2023 financial year, 100% of the assets and liabilities of Courtesy Co-operative Credit Union Limited (**Courtesy**) were transferred to the United Enterprise Credit Union Limited, on March 31, 2023. The transfers were agreed to at special meetings that were held with the two relevant parties. Assets and liabilities were valued at their fair values as at the transfer date. The details of the transfer are as shown below:

	<u>Family</u>	<u>Courtesy</u>
Assets		
Cash and cash equivalents	1,116,611	697,508
Accounts receivable and prepayments	12,595	10,986
Current Investment	150,000	0
	<u>1,279,206</u>	<u>708,494</u>
Non-Current investment	1,055,822	573,896
Loans to members	818,230	209,071
Plant and equipment	0	1,011
Total Assets	<u>3,153,258</u>	<u>1,492,472</u>
Liabilities		
Accounts payable and accruals	(52,312)	(8,010)
Deposits and non-qualifying shares payable	(2,686,112)	(1,109,837)
Total liabilities	<u>(2,738,424)</u>	<u>(1,117,847)</u>
Total Net Assets and Liabilities transferred	<u>414,834</u>	<u>374,625</u>
Qualifying shares	24,450	10,600
Statutory Reserve	351,720	157,005
Unrealized Gain Reserve	318,227	414,204
Undivided Earnings	(279,563)	(207,184)
Total Equity transferred	<u>414,834</u>	<u>374,625</u>

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements

June 30, 2024

Expressed in Barbados dollars

18. Prior year adjustment(s) (net effect on equity of \$7,448)

These financial statements for the year ended June 30, 2024, includes adjustments for the Right-of-Use (ROU) assets and lease liabilities for the prior year ended September 30, 2022 and the 9 months ending June 30, 2023.

These adjustments resulted in the following:

ROU Assets: The ROU assets for the year ending September 30, 2022 totaling \$207,394 for the year ending September 30, 2022 and \$169,993 for the period ending June 30, 2023. ROU assets represent the leasee's right to the use of a leased asset.

Lease Liabilities: Correspondingly, the lease liabilities for the year ending September 30, 2022, totaling \$214,842 and \$172,007 for the period ending June 30, 2023. Lease liabilities represent the financial obligation for the payments required by a lease.

	Original balance at September 30, 2022	Adjusted balance at September 30, 2022	Prior Year Adjustment September 30, 2022
Plant, equipment and ROU asset	108,830	183,631	74,801
Investment Property	1,086,302	1,218,895	132,593
Lease liability	0	(214,842)	(214,842)
Total Equity adjustment			(7,448)

19. Comparative amounts

Certain of the comparative amounts have been reclassified to conform to the current year's presentation.

UNITED ENTERPRISE CREDIT UNION LTD.

Schedule of Other Operating Expenses

June 30, 2024

Expressed in Barbados dollars

	12 months to June 30, 2024	9 months to June 30, 2023
Advertising and promotion	600	923
Bad debt expense	118,256	136,234
Bank charges	4,914	4,147
Cleaning	6,737	5,889
Conventions	26,074	2,445
Co-operative celebrations	3,097	1,160
Courier service	7,200	5,550
Donations	8,153	4,545
Education Fund	15,454	5,430
Financial Services Commission annual fee	8,936	2,300
Fines and penalties	181	106
Honoraria	33,875	22,800
Insurance	15,726	11,319
Mutual Benefits Plan (MBP) assessments	53,013	38,708
League membership dues	14,763	9,639
Meetings	16,541	18,166
Miscellaneous	10,020	8,180
National Development Fund	1,666	1,489
Office supplies	10,948	2,423
Postage	495	0
Professional fees	59,713	52,407
Lease interest	2,416	1,410
Repairs and maintenance	13,600	5,739
Software maintenance	21,621	13,618
Stationery and printing	8,694	6,778
Subscriptions	4,238	8,966
Training and seminars	37,618	43,355
Transfer taxes	4,018	0
Utilities - electricity	14,174	8,727
Utilities - telephone	13,652	11,088
Webpage and email	2,364	4,481
	<u>538,757</u>	<u>438,022</u>