

**UNITED ENTERPRISE  
CREDIT UNION LTD.**

**FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**PJC**

**Chartered Accountants  
Barbados**

"we reckon but people count"

**UNITED ENTERPRISE CREDIT UNION LTD.**

**Financial Statements  
September 30, 2021**

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## Independent Auditors' Report

The Members  
United Enterprise Credit Union Ltd.

### Opinion

We have audited the financial statements of United Enterprise Credit Union Ltd., which comprise the Balance Sheet as of September 30, 2021, Statement of Changes in Equity, Statement of Comprehensive Income and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as of September 30, 2021, 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 *Auditors' 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.





### **Auditors' 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 auditors' 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 auditors' 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 auditors' 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.



Chartered Accountants

## Independent Auditors' Report

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### 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 Company's Annual Report except for the financial statements and our Auditors' 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 described 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.

### 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 September 30, 2021. 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 auditors' 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.



**PETER J. CARTER & CO.**  
Chartered Accountants  
November 29, 2021


**UNITED ENTERPRISE CREDIT UNION LTD.**

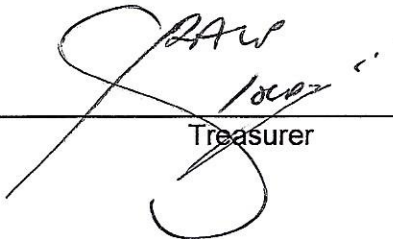
**Balance Sheet**  
**September 30, 2021**  
**Expressed in Barbados dollars**

|  | <u>2021</u>              | <u>2020</u>              |
|--|--------------------------|--------------------------|
| <b>Assets</b>  |                          |                          |
| Current assets                                       |                          |                          |
| Cash and cash equivalents - Note 7                   | 1,139,257                | 1,129,707                |
| Accounts receivable and prepayments - Note 8         | 106,103                  | 111,437                  |
| Current investments - Note 9                         | <u>1,651,379</u>         | <u>1,432,900</u>         |
|  | 2,896,739                | 2,674,044                |
| <br>   |                          |                          |
| Loans to members - Note 10                           | 8,230,192                | 8,286,965                |
| Non-current investments - Note 9                     | 2,178,572                | 1,501,334                |
| Plant and equipment - Note 11                        | <u>152,052</u>           | <u>192,446</u>           |
| <br>   |                          |                          |
| Total assets   | <u><u>13,457,555</u></u> | <u><u>12,654,789</u></u> |
| <br>   |                          |                          |
| <b>Liabilities and equity</b>                        |                          |                          |
| Current liabilities                                  |                          |                          |
| Accounts payable and accruals - Note 12              | 179,326                  | 145,335                  |
| Deposits and non-qualifying shares payable - Note 13 | 10,788,738               | 10,146,924               |
| Qualifying shares - Note 14                          | <u>51,000</u>            | <u>50,071</u>            |
| Total liabilities                                    | <u>11,019,064</u>        | <u>10,342,330</u>        |
| <br>   |                          |                          |
| Equity   |                          |                          |
| Statutory reserve                                    | 718,668                  | 650,970                  |
| Unrealized gain reserve - Note 9 (c)                 | 350,623                  | 276,870                  |
| Undivided earnings                                   | <u>1,369,200</u>         | <u>1,384,619</u>         |
| Total equity   | <u>2,438,491</u>         | <u>2,312,459</u>         |
| <br>   |                          |                          |
| Total liabilities and equity                         | <u><u>13,457,555</u></u> | <u><u>12,654,789</u></u> |

See notes to financial statements.

Approved by the Board of Directors, November 29, 2021, and signed on their behalf by:

  
 \_\_\_\_\_  
 President

  
 \_\_\_\_\_  
 Treasurer



**UNITED ENTERPRISE CREDIT UNION LTD.**

**Statement of Changes in Equity  
Year ended September 30, 2021  
Expressed in Barbados dollars**

|  | Statutory<br>reserve | Unrealized<br>gain reserve | Undivided<br>earnings | Total     |
|--|----------------------|----------------------------|-----------------------|-----------|
| Balance - September 30, 2019                   | 579,974              | 248,543                    | 1,201,085             | 2,029,602 |
| Entrance fees                                  | 375                  | 0                          | 0                     | 375       |
| Net income for year                            | 0                    | 0                          | 254,155               | 254,155   |
| Fair value gain on unquoted equity investments | 0                    | 28,327                     | 0                     | 28,327    |
| 25% of net comprehensive income                | 70,621               | 0                          | (70,621)              | 0         |
| Balance - September 30, 2020                   | 650,970              | 276,870                    | 1,384,619             | 2,312,459 |
| Entrance fees                                  | 410                  | 0                          | 0                     | 410       |
| Net income for year                            | 0                    | 0                          | 51,869                | 51,869    |
| Fair value gain on unquoted equity investments | 0                    | 73,753                     | 0                     | 73,753    |
| 0.5% of total assets                           | 67,288               | 0                          | (67,288)              | 0         |
| Balance - September 30, 2021                   | 718,668              | 350,623                    | 1,369,200             | 2,438,491 |

See notes to financial statements.

**UNITED ENTERPRISE CREDIT UNION LTD.**

**Statement of Comprehensive Income**  
**Year ended September 30, 2021**  
**Expressed in Barbados dollars**

|  | <u>2021</u>    | <u>2020</u>      |
|--|----------------|------------------|
| <b>Interest income</b>   |                |                  |
| Loans to members   | 899,545        | 988,767          |
| Investments  | 42,322         | 35,988           |
| Cash and cash equivalents  | 371            | 326              |
|  | <u>942,238</u> | <u>1,025,081</u> |
| <b>Interest expense</b>  |                |                  |
| Demand deposits and non-qualifying shares<br>- 0.25% to 0.75% (prior year 0.25% to 1%) | 31,384         | 41,695           |
| Term deposits<br>- 1.85% to 3.25% (prior year 1.85% to 3.25%)                          | 81,578         | 85,046           |
|  | <u>112,962</u> | <u>126,741</u>   |
| <b>Net interest income</b>   | <u>829,276</u> | <u>898,340</u>   |
| <b>Other income</b>  |                |                  |
| Dividend received  | 10,851         | 11,031           |
| Gain on sale of assets   | 0              | 220              |
| Sundry income  | 6,320          | 5,933            |
|  | <u>17,171</u>  | <u>17,184</u>    |
| <b>Other expenses</b>  |                |                  |
| Depreciation   | 52,158         | 45,793           |
| Staff costs - Note 6   | 222,276        | 230,413          |
| Write-down of Government securities - Note 9(f)  | 10,469         | 81,531           |
| Unrealized loss on fair value investments  | 4,908          | 13,191           |
| Other operating expenses   | 504,767        | 290,441          |
|  | <u>794,578</u> | <u>661,369</u>   |
| <b>Net income for year</b>   | 51,869         | 254,155          |
| <b>Other Comprehensive Income</b>  |                |                  |
| Fair value gain on unquoted equity shares - Note 9(c)                                  | 73,753         | 28,327           |
| <b>Net comprehensive income for year</b>   | <u>125,622</u> | <u>282,482</u>   |

See notes to financial statements.



UNITED ENTERPRISE CREDIT UNION LTD.

Statement of Cash Flows  
Year ended September 30, 2021  
Expressed in Barbados dollars

|   | <u>2021</u>             | <u>2020</u>             |
|---|-------------------------|-------------------------|
| <b>Cash provided / (used) by:</b>               |                         |                         |
| <b>Operating activities</b>                     |                         |                         |
| Net comprehensive income for year               | 125,622                 | 282,482                 |
| <i>Adjustments for items not involving cash</i> |                         |                         |
| Depreciation                                    | 52,158                  | 45,793                  |
| Fair value gain on unquoted equity shares       | (73,753)                | (28,327)                |
| Unrealized loss on fair value investments       | 4,908                   | 13,191                  |
|   | <u>108,935</u>          | <u>313,139</u>          |
| <i>Change in non-cash operating items</i>       |                         |                         |
| Accounts receivable and prepayments             | 5,334                   | (52,169)                |
| Accounts payable and accruals                   | 33,991                  | (60,355)                |
| Deposits and non-qualifying shares payable      | 641,814                 | 605,615                 |
| Qualifying shares                               | 929                     | (42,786)                |
| Net cash provided by operating activities       | <u>791,003</u>          | <u>763,444</u>          |
| <b>Investing activities</b>                     |                         |                         |
| Decrease / increase in loans to members         | 56,773                  | (164,571)               |
| Increase in investments                         | (826,872)               | (260,546)               |
| Purchase of plant and equipment                 | (11,764)                | (62,450)                |
| Net cash used by investing activities           | <u>(781,863)</u>        | <u>(487,567)</u>        |
| <b>Financing activities</b>                     |                         |                         |
| Entrance fees                                   | 410                     | 375                     |
| Net cash provided by financing activities       | <u>410</u>              | <u>375</u>              |
| Increase in cash and cash equivalents           | 9,550                   | 276,252                 |
| Cash and cash equivalents - start of year       | <u>1,129,707</u>        | <u>853,455</u>          |
| <b>Cash and cash equivalents - end of year</b>  | <u><u>1,139,257</u></u> | <u><u>1,129,707</u></u> |

See notes to financial statements.

# UNITED ENTERPRISE CREDIT UNION LTD.

## Notes to Financial Statements September 30, 2021 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**

**September 30, 2021**

**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

September 30, 2021

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.

#### 4. Fair value of financial instruments

(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.



**UNITED ENTERPRISE CREDIT UNION LTD.**

**Notes to Financial Statements  
September 30, 2021  
Expressed in Barbados dollars**

**4. Fair value of financial instruments - continued**

(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.

(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 and 10.

**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>2021</u> | <u>2020</u> |
|-----------------------------|-------------|-------------|
| Loans                       | 321,471     | 380,598     |
| Shares and deposits payable | 158,498     | 161,126     |

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

|           |               |               |
|-----------|---------------|---------------|
| Honoraria | <u>17,000</u> | <u>22,800</u> |
|-----------|---------------|---------------|

(d) Key management personnel remuneration was \$123,903 (prior year \$115,230) and is included in Staff Costs in the Statement of Comprehensive Income.

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements  
September 30, 2021  
Expressed in Barbados dollars

|    |                    |                |                |
|----|--------------------|----------------|----------------|
| 6. | <b>Staff costs</b> | <u>2021</u>    | <u>2020</u>    |
|    |                    | <u>222,276</u> | <u>230,413</u> |

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

|    |   |                  |                  |
|----|---|------------------|------------------|
| 7. | <b>Cash and cash equivalents</b>                  | <u>2021</u>      | <u>2020</u>      |
|    | Current account - 0.005% p.a. (prior year nil)    | 868,503          | 872,159          |
|    | Demand deposits - 0.1% p.a. (prior year 0.1%)     | 236,504          | 236,268          |
|    | Barbados Co-operative & Credit Union League Ltd.: |                  |                  |
|    | - Ordinary shares                                 | 3,800            | 3,800            |
|    | Cash on hand                                      | <u>30,450</u>    | <u>17,480</u>    |
|    |   | <u>1,139,257</u> | <u>1,129,707</u> |

|    |  |                |                |
|----|--|----------------|----------------|
| 8. | <b>Accounts receivable and prepayments</b> | <u>2021</u>    | <u>2020</u>    |
|    | Interest receivable                        | 93,938         | 105,402        |
|    | Other receivables                          | 3,000          | 500            |
|    | Less: Impairment provision                 | (24,000)       | (20,400)       |
|    | Prepayments                                | <u>33,165</u>  | <u>25,935</u>  |
|    |  | <u>106,103</u> | <u>111,437</u> |

|     |                                    |               |                 |
|-----|------------------------------------|---------------|-----------------|
| (a) | <i>Impairment provision</i>        | <u>2021</u>   | <u>2020</u>     |
|     | Balance - start of year            | 20,400        | 35,557          |
|     | Increase / (decrease) in provision | <u>3,600</u>  | <u>(15,157)</u> |
|     | Balance - end of year              | <u>24,000</u> | <u>20,400</u>   |

**UNITED ENTERPRISE CREDIT UNION LTD.**

**Notes to Financial Statements  
September 30, 2021  
Expressed in Barbados dollars**

| <b>9. Investments</b>  | <u>2021</u>      | <u>2020</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 2.25%)           | 224,676          | 215,001          |
| Capita Financial Services Inc. - 2.4% to 2.65% p.a. (prior year - 2.4% to 2.65%)                 | 454,398          | 454,398          |
| Central Fund Facility Trust - 1.50% p.a. (prior year 1.50%)                                      | 143,728          | 141,604          |
| City of Bridgetown Co-operative Credit Union Ltd. - 1.5% p.a. (prior year 1.5%)                  | 678,577          | 621,897          |
| First Citizens Investment Services Ltd. - 2% p.a.  | 150,000          | 0                |
|  | <u>1,651,379</u> | <u>1,432,900</u> |
| <i>Non-current investments</i>   |                  |                  |
| <i>Term deposits - Held to maturity</i>  |                  |                  |
| Net Government securities - 1% to 5% p.a. (prior year 1% to 5%)                                  | 903,161          | 805,268          |
| RF Merchant Bank and Trust (Barbados) Ltd., Williams Renewable Energy 2, Series B Bond - 4% p.a. | 500,000          | 0                |
| <i>Available-for-sale</i>  |                  |                  |
| Barbados Co-operative & Credit Union League Ltd.:<br>- 20 membership shares                      | 200              | 200              |
| Co-operators General Insurance Co. Ltd.:<br>- 1,818 (prior year 1,783) ordinary shares           | 655,080          | 584,057          |
| Co-operators General Management Company Inc.:<br>- 500 (prior year 500) ordinary shares          | 88,230           | 75,000           |
| Listed securities  | 31,901           | 36,809           |
|  | <u>2,178,572</u> | <u>1,501,334</u> |
|  | <u>3,829,951</u> | <u>2,934,234</u> |



**UNITED ENTERPRISE CREDIT UNION LTD.**

**Notes to Financial Statements  
September 30, 2021  
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 2.08 (prior year 2.40).

(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, 2020 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 are issued by the Government of Barbados. The bonds are being issued in monthly tranches over an eighteen (18) month period from July 2020 to December 2021. 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.



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9. Investments - continued

(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.

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

| <i>Maturity Profile</i>                              | <u>2021</u>           | <u>2020</u>           |
|--|-----------------------|-----------------------|
| <i>Barbados Optional Savings Scheme (BOSS) bonds</i> |                       |                       |
| One to 5 years                                       | 116,696               | 8,334                 |
| <i>Series B bonds</i>                                |                       |                       |
| Greater than one, up to 5 years                      | 278,649               | 205,034               |
| Greater than 5 years, up to 10 years                 | 412,176               | 397,066               |
| Greater than 10 years, up to 15 years                | <u>187,640</u>        | <u>276,365</u>        |
| Gross value  | 995,161               | 886,799               |
| Net present value write-down                         | <u>(92,000)</u>       | <u>(81,531)</u>       |
| Net Government securities                            | <u><u>903,161</u></u> | <u><u>805,268</u></u> |

UNITED ENTERPRISE CREDIT UNION LTD.

Notes to Financial Statements  
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|  |                  |                  |
|--|------------------|------------------|
| <b>10. Loans to members</b>  | <u>2021</u>      | <u>2020</u>      |
| Total loans outstanding  | 8,880,192        | 8,778,965        |
| Less: Impairment provision   | <u>(650,000)</u> | <u>(492,000)</u> |
| Net value of loans   | <u>8,230,192</u> | <u>8,286,965</u> |
| <br>   |                  |                  |
| <i>(a) Impairment provision</i>  | <u>2021</u>      | <u>2020</u>      |
| Balance - start of year  | 492,000          | 465,000          |
| Increase in provision  | <u>158,000</u>   | <u>27,000</u>    |
| Balance - end of year  | <u>650,000</u>   | <u>492,000</u>   |
| <br>   |                  |                  |
| <i>(b) Maturity profile of loans</i>   | <u>2021</u>      | <u>2020</u>      |
| <i>Amounts due in:</i>   |                  |                  |
| Less than one year   | 999,810          | 674,100          |
| Greater than one, up to 5 years  | 3,863,648        | 4,039,878        |
| Over 5 years   | <u>4,016,734</u> | <u>4,064,987</u> |
| Total  | <u>8,880,192</u> | <u>8,778,965</u> |
| <br>   |                  |                  |
| <i>(c) Interest on loans is charged at varying rates, mainly between 7% p.a. and 18% p.a. on the reducing balance basis.</i> |                  |                  |
| <br>   |                  |                  |
| <i>(d) Commitments</i>   | <u>2021</u>      | <u>2020</u>      |
| Loans approved but not yet disbursed   | <u>762,193</u>   | <u>697,911</u>   |

**UNITED ENTERPRISE CREDIT UNION LTD.**

**Notes to Financial Statements  
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Expressed in Barbados dollars**

| <b>11. Plant and equipment</b>                        | <u>2021</u>      | <u>2020</u>       | <u>2019</u>       |
|---|------------------|-------------------|-------------------|
| <i>Gross carrying amount</i>                          |                  |                   |                   |
| Cost  | 393,505          | 435,795           | 373,345           |
| Accumulated depreciation                              | <u>(241,453)</u> | <u>(243,349)</u>  | <u>(197,556)</u>  |
| Net book values - end of year                         | <u>152,052</u>   | <u>192,446</u>    | <u>175,789</u>    |
|   |                  | <u>2021</u>       | <u>2020</u>       |
| (a) <i>Reconciliation of Net Book Values</i>          |                  |                   |                   |
| Balance - start of year                               |                  | 192,446           | 175,789           |
| Purchases   |                  | 11,764            | 62,450            |
| Depreciation charge for year                          |                  | <u>(52,158)</u>   | <u>(45,793)</u>   |
| Balance - end of year                                 |                  | <u>152,052</u>    | <u>192,446</u>    |
|   |                  | <u>2021</u>       | <u>2020</u>       |
| <b>12. Accounts payable and accruals</b>              |                  |                   |                   |
| Interest payable                                      |                  | 120,376           | 70,058            |
| Other accounts  |                  | <u>58,950</u>     | <u>75,277</u>     |
|   |                  | <u>179,326</u>    | <u>145,335</u>    |
|   |                  | <u>2021</u>       | <u>2020</u>       |
| <b>13. Deposits and non-qualifying shares payable</b> |                  |                   |                   |
| Members deposits                                      |                  | 3,090,986         | 2,523,230         |
| Special savings                                       |                  | 251,798           | 275,798           |
| Regular shares  |                  | 4,510,409         | 4,470,696         |
| Term deposits - members                               |                  | 1,232,045         | 1,173,700         |
| Term deposits - corporate                             |                  | <u>1,703,500</u>  | <u>1,703,500</u>  |
|   |                  | <u>10,788,738</u> | <u>10,146,924</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**  
**September 30, 2021**  
**Expressed in Barbados dollars**

|                              |               |               |
|------------------------------|---------------|---------------|
| <b>14. Qualifying shares</b> | <u>2021</u>   | <u>2020</u>   |
|                              | <u>51,000</u> | <u>50,071</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) No interest was paid on qualifying shares.

**15. Commitments**

As at the balance Sheet date, the Credit Union was committed to undertaking a renewable energy project. The project involves the installation of solar panels on the roof of the Church of the Nazarene, Collymore Rock, St. Michael, Barbados, in order to generate electricity for sale to the Barbados Light and Power Company Limited (BL&P). The commencement date of the project has not been determined but it is expected to begin after approval by the Ministry of Energy. The Credit Union signed two Agreements related to the proposed project, as follows:

- (a) An Agreement with the Church of the Nazarene Barbados District, namely, "Solar Investment – Lease 3<sup>rd</sup> Party Roof and sell to grid". Under the terms of the Agreement, the Credit Union will lease the rooftop space for a duration of fifteen (15) years at a monthly rental amount.
- (b) An Agreement with the entity Williams Solar, for the installation of solar panels on the Church's roof. The capital cost of the project is projected to be \$307,400 for the installation by Williams Solar and the capital works needed to connect to the BL&P's grid.

**16. 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  
Year ended September 30, 2021  
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|  | <u>2021</u>    | <u>2020</u>    |
|--|----------------|----------------|
| Advertising and promotion                | 1,768          | 1,177          |
| Bank charges                             | 4,452          | 4,551          |
| Cleaning                                 | 7,840          | 7,552          |
| Conventions                              | 3,337          | 1,540          |
| Co-operative celebrations                | 0              | 600            |
| Courier service                          | 6,875          | 6,025          |
| Donations                                | 4,832          | 1,054          |
| Education Fund                           | 2,739          | 8,737          |
| Financial Services Commission annual fee | 8,693          | 8,520          |
| Fines and penalties                      | 308            | 166            |
| Honoraria                                | 29,500         | 20,850         |
| Impairment provision - increase          | 161,600        | 11,844         |
| Insurance                                | 10,589         | 12,486         |
| Mutual Benefits Plan (MBP) assessments   | 34,288         | 36,387         |
| League membership dues                   | 10,405         | 9,328          |
| Meetings                                 | 11,053         | 13,592         |
| Miscellaneous                            | 4,952          | 2,730          |
| National Development Fund                | 1,185          | 1,038          |
| Office supplies                          | 6,964          | 4,437          |
| Postage                                  | 205            | 390            |
| Professional fees                        | 54,839         | 33,992         |
| Rent - office                            | 54,000         | 52,962         |
| Repairs and maintenance                  | 10,996         | 5,586          |
| Software maintenance                     | 16,496         | 7,287          |
| Stationery and printing                  | 9,354          | 7,078          |
| Subscriptions                            | 7,494          | 1,520          |
| Training and seminars                    | 5,293          | 7,705          |
| Utilities - electricity                  | 9,446          | 10,215         |
| Utilities - telephone                    | 23,078         | 10,827         |
| Webpage and email                        | 2,186          | 265            |
|  | <u>504,767</u> | <u>290,441</u> |