

**U.W.I. (CAVE HILL)
CO-OPERATIVE CREDIT UNION LTD.**

**FINANCIAL STATEMENTS
DECEMBER 31, 2003**

PJC

**PETER J. CARTER & CO.
Chartered Accountants
Barbados**

"we reckon but people count"

U.W.I. (CAVE HILL) CO-OPERATIVE CREDIT UNION LTD.

**FINANCIAL STATEMENTS
DECEMBER 31, 2003**

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AUDIT REPORT

The Members
U.W.I. (CAVE HILL) Co-operative Credit Union Ltd.
P. O. Box 64
Cave Hill
St. Michael

We have examined the accompanying Balance Sheet of **U.W.I. (CAVE HILL) Co-operative Credit Union Ltd.** as of December 31, 2003 and the related Statements of Changes in Equity, Income and Cash Flows for the year then ended. The financial statements are the responsibility of the Credit Union's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly, in all material respects, the financial position of the Credit Union as of December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PETER J. CARTER & CO.

BARBADOS
February 27, 2004

U.W.I. (CAVE HILL) CO-OPERATIVE CREDIT UNION LTD.

**BALANCE SHEET
DECEMBER 31, 2003**

	<u>2003</u>	<u>2002</u>
ASSETS		
Current assets		
Cash & bank deposits	\$ 2,329,727	\$ 2,358,366
Accounts receivable & prepayments	<u>61,839</u>	<u>67,408</u>
	2,391,566	2,425,774
Loans to members - Note 5	9,149,761	8,841,893
Investments - Note 6	3,185,401	2,004,426
Plant and equipment - Note 7	<u>29,872</u>	<u>28,631</u>
Total assets	<u><u>14,756,600</u></u>	<u><u>13,300,724</u></u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable & accruals	87,439	92,491
Members' deposits - Note 8	<u>2,643,018</u>	<u>2,380,391</u>
Total liabilities	<u><u>2,730,457</u></u>	<u><u>2,472,882</u></u>
Members' equity		
Share capital - Note 9	10,062,167	9,136,952
Statutory Reserve	1,192,526	1,017,326
Dividend Stabilization Reserve	100,000	100,000
Common Good Reserve	25,000	25,000
Education Fund	10,734	8,744
Undivided Earnings	<u>635,716</u>	<u>539,820</u>
Total equity	<u><u>12,026,143</u></u>	<u><u>10,827,842</u></u>
Total liabilities and equity	<u><u>14,756,600</u></u>	<u><u>13,300,724</u></u>

See notes to financial statements.

Approved by the Board of Directors, February 27, 2004.

President

Treasurer

U.W.I. (CAVE HILL) CO-OPERATIVE CREDIT UNION LTD.

**STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2003**

Interest income:

Loans to members	\$ 955,560	\$ 899,268
Government securities	128,505	89,929
Bank deposits	39,092	43,543
Barbados Co-operative & Credit Union League Ltd.	600	895
Term deposit	8,285	0
Rebate - Mutual Benefits Plan	5,814	13,466
Sundry income	1,450	75
	<u>1,139,306</u>	<u>1,047,176</u>

EXPENDITURE

Depreciation	11,641	9,843
Interest expense - members' deposits	96,608	78,957
Staff costs	143,617	99,183
Other administrative and general expenses	188,926	184,833
	<u>440,792</u>	<u>372,816</u>

NET INCOME FOR YEAR

<u>698,514</u>	<u>674,360</u>
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See notes to financial statements.

CASH PROVIDED/(USED) BY:

	<u>2003</u>	<u>2002</u>
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U.W.I. (CAVE HILL) CO-OPERATIVE CREDIT UNION LTD.

STATEMENT OF CASHFLOWS DECEMBER 31, 2003

OPERATIONS

Net income for year	\$ 698,514	\$ 674,360
Add item not involving cash:		
Depreciation	<u>11,641</u>	<u>9,843</u>
	710,155	684,203
Change in non-cash items:		
Accounts receivable & prepayments	(38,335)	(13,793)
Accounts payable & accruals	(5,052)	13,110
Members' deposits	<u>262,627</u>	<u>666,875</u>
Net cash provided by operations	<u>929,395</u>	<u>1,350,395</u>

INVESTMENT

Increase in:		
Loans to members	(307,868)	(872,214)
Investments	(1,137,071)	(587,094)
Purchase of fixed assets	<u>(12,882)</u>	<u>(13,990)</u>
Net cash used by investing activities	<u>(1,457,821)</u>	<u>(1,473,298)</u>

FINANCING

Increase in share capital	925,215	978,858
Entrance fees	570	610
Dividends paid	(381,054)	(362,100)
Patronage refund	(39,944)	(39,896)
Paid to League's Education Fund	<u>(5,000)</u>	<u>(5,000)</u>
Net cash provided by financing activities	<u>499,787</u>	<u>572,472</u>

INCREASE IN CASH & BANK (28,639) 449,569

CASH & BANK DEPOSITS - start of year 2,358,366 1,908,797

CASH & BANK DEPOSITS - end of year 2,329,727 2,358,366

See notes to financial statements.

1. REGISTRATION

U.W.I. (CAVE HILL) CO-OPERATIVE CREDIT UNION LTD. was registered on January 29, 1986 in accordance with the Co-operative Societies' Act, Cap 378. The

U.W.I. (CAVE HILL) CO-OPERATIVE CREDIT UNION LTD.

NOTES TO FINANCIAL STATEMENTS - Continued DECEMBER 31, 2003

Society was continued on June 15, 1994 under the Co-operative Societies' Act 1990. The principal place of business is Cave Hill, St. Michael, Barbados. The average number of employees during the year was four (prior year – four).

2. PRINCIPAL ACTIVITIES

The principal activities are as follows:

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

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are stated in Barbados dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). 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 following are the significant accounting policies adopted by the Company:

- (a) 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 currently being used are: Furniture – 10%; Equipment – 12.5% and 20%.
- (b) Investments: Investments are recorded at cost except that the cost of Government Savings Bonds is being adjusted periodically to reflect the increase in value of the Bonds in accordance with the relevant interest schedules.
- (c) Taxation: The Credit Union is not required to pay taxes on its operating surplus under section 9(g) of the Income Tax Act of Barbados.
- (d) Statutory Reserve: Twenty-five percent (25%) of net income is transferred to a Reserve account in accordance with the Co-operative Societies' legislation. Similarly, Entrance Fees are required to be taken to a Reserve Account.

U.W.I. (CAVE HILL) CO-OPERATIVE CREDIT UNION LTD.

**NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2003**

(e) Education Fund: A minimum amount of one percent (1%) of net income is transferred to an Education Fund in accordance with advice received from the Registrar of Co-operative Societies.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial Instruments: Financial instruments consist of financial assets and liabilities. Financial assets include cash and bank deposits, accounts receivable, loans receivable and investments. Financial liabilities include accounts payable and accruals and members' deposits.

(b) Fair Value: Fair value represents the amount at which financial instruments could be realized. 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 Credit Union's financial instruments are estimated to be not materially different from their carrying values in the financial statements.

(c) Credit Risk: Bank deposits are placed with reputable banking institutions. Credit risk on amounts receivable is limited by provision for doubtful debts where such is deemed necessary.

(d) Interest Rate Risk: The Credit Union's exposure to interest rate risk on its financial instruments is disclosed in the note re Investments.

5. LOANS TO MEMBERS

As of the Balance Sheet date, the outstanding loans included a total of \$3,305,074 (2002 - \$3,109,750) on which the interest rate being charged is 8% and 9% per annum, on the reducing balance. These loans relate to purchase of real estate (9% above \$25,000) and insurance with Co-operators General Insurance Company Ltd (8%). Other loans are normally granted at an interest rate of 12% per annum on the reducing balance.

6. INVESTMENTS

	2003	2002
(a) Barbados Co-operative & Credit Union League Ltd.:		
- Shares	\$ 35,000	\$ 30,831
- Deposits	0	8,894

U.W.I. (CAVE HILL) CO-OPERATIVE CREDIT UNION LTD.

NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2003

- Statutory Reserve Investment	15,000	10,301
- Ordinary Deposit	25,627	0
	<u>75,627</u>	<u>50,026</u>
 CLICO – Term Deposits	 300,000	 0
 Government Savings Bonds	 288,774	 233,400
Treasury Notes	2,205,000	1,405,000
Co-operators General Insurance Co. Ltd. shares:		
- 300 Class A ordinary voting	30,000	30,000
- 2,859 Class B ordinary non-voting	285,900	285,900
- One Class C ordinary non-voting	100	100
	<u>3,185,401</u>	<u>2,004,426</u>

- (b) Government Savings Bonds bear maturity dates between March 2004 and March 2008. Treasury Notes earn interest at rates ranging from 5.5% to 9% per annum, and will mature between December 2004 and October 2022.

7. PLANT AND EQUIPMENT	<u>2003</u>	<u>2002</u>
COST		
Balance - start of year	\$ 94,651	\$ 80,661
Additions	12,882	13,990
Disposals	(4,675)	0
Balance - end of year	<u>102,858</u>	<u>94,651</u>
 ACCUMULATED DEPRECIATION		
Balance - start of year	66,020	56,177
Charge for year	11,641	9,843
Eliminated on disposal	(4,675)	0
Balance - end of year	<u>72,986</u>	<u>66,020</u>
 NET BOOK VALUE - start of year	<u>28,631</u>	<u>24,484</u>
 NET BOOK VALUE - end of year	29,872	28,631
 8. MEMBERS' DEPOSITS	<u>2003</u>	<u>2002</u>
Regular deposits	\$ 2,015,714	\$ 1,594,939
Fixed term deposits	621,302	785,452
Special deposits	6,002	0

U.W.I. (CAVE HILL) CO-OPERATIVE CREDIT UNION LTD.

NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2003

2,643,018

2,380,391

9. SHARE CAPITAL

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.

	<u>2003</u>	<u>2002</u>
Advertising	\$ 1,689	\$ 4,127
Bank charges	2,603	641
Cleaning & office expenses	252	174

U.W.I. (CAVE HILL) CO-OPERATIVE CREDIT UNION LTD.

**SCHEDULE OF OTHER ADMINISTRATIVE AND GENERAL EXPENSES
DECEMBER 31, 2003**

Conventions & seminars	10,985	11,602
Donations	2,897	2,640
Honoraria	8,438	13,274
Insurance	2,681	2,868
League membership dues	8,264	5,904
Meeting expenses – Annual General Meeting	11,647	10,732
Meeting expenses - other	1,336	1,829
Miscellaneous expenses	2,055	4,227
Mutual Benefit Plan - expense	85,785	92,535
Office supplies	1,919	433
Professional fees	18,822	13,650
Public relations	0	1,100
Renovations	6,420	0
Rent - office	4,800	4,800
Repairs & rental of equipment	448	2,157
Security	9,572	2,414
Stationery	6,015	3,831
Telephone	2,879	3,477
Training	1,225	2,418
	<u>188,926</u>	<u>184,833</u>