

PALO SECO CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED
31ST DECEMBER, 2015

	<u>NOTES</u>	<u>2015</u>	<u>2014</u>
<u>REVENUE</u>			
Loan Interest		23,756,427	21,984,874
Interest on Fixed Deposit		846,880	689,511
Investment Income		1,122,572	997,499
Interest on Current & Savings Account		6,473	8,817
Fitness Centre Income	14	211,828	223,044
Other Income		<u>266,724</u>	<u>292,006</u>
TOTAL REVENUE		<u>26,210,904</u>	<u>24,195,751</u>
<u>EXPENSES</u>			
Depreciation		609,526	490,360
Administration and Other	15a	2,871,182	2,725,333
Officers	15b	565,687	311,259
Employee Cost	15c	4,309,855	3,604,418
Interest & Bank Charges	15d	<u>3,062</u>	<u>468,983</u>
TOTAL EXPENSES		<u>8,829,312</u>	<u>7,600,353</u>
Net Surplus		17,381,972	16,595,398
Gain/(Loss) on Foreign Exchange		(7,896)	(7,534)
Gain/(Loss) on Investments		-	14,412
Exceptional Item	13	<u>37,991</u>	<u>243,524</u>
INCOME BEFORE APPROPRIATION		<u>\$17,411,687</u>	<u>\$16,845,800</u>



PALO SECO CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF APPROPRIATED FUNDS AND UNDIVIDED SURPLUS
FOR THE YEAR ENDED
31ST DECEMBER, 2015

	<u>RESERVE FUND</u>	<u>EDUCATION FUND</u>	<u>SPECIAL RESERVE FUND</u>	<u>SUPPLEMENTAL SPECIAL RESERVE</u>	<u>UNDIVIDED SURPLUS</u>
Balance as at January, 1 st 2015	19,647,341	4,481,995	178,513	237,109	19,026,884
ADD: Net Surplus for the Year	-	-	-	-	17,411,687
10% to Reserve Fund	1,741,169	-	-	-	(1,741,169)
5% of the Balance to Education Fund	-	783,526	-	-	(783,526)
Appropriation	-	-	<u>250,000</u>	<u>100,000</u>	<u>(350,000)</u>
	21,388,510	5,265,521	428,513	337,109	33,563,876
Entrance Fees	592	-	-	-	-
Education Fund Expenses	-	(499,649)	-	-	-
Education Fund Receipts	-	27,336	-	-	-
Supplemental Special Reserve Fund	-	-	-	(430,020)	-
Supplemental Special Reserve Fund	-	-	-	206,529	-
Deceased Members	-	-	(230,848)	-	-
Dividend Paid 2015	-	-	-	-	<u>(14,286,020)</u>
Balance as at 31 st December, 2015	<u>\$21,389,102</u>	<u>\$4,793,208</u>	<u>\$197,665</u>	<u>\$113,618</u>	<u>\$19,277,856</u>



PALO SECO CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
31ST DECEMBER, 2015

<u>OPERATING ACTIVITIES</u>	<u>2015</u>	<u>2014</u>
Net Surplus after Extra Ordinary Items	17,411,687	16,845,800
<u>Add/(Deduct) items not involving Cash:</u>		
Loan loss provision	-	100,000
Depreciation	<u>609,526</u>	<u>490,360</u>
Operating Profit after Working Capital Changes	<u>18,021,213</u>	<u>17,436,160</u>
<u>Changes in Operating In Non-Cash Working Capital Amounts:</u>		
Decrease/(Increase) in Interest Receivable	118,509	(111,090)
(Increase)/Decrease in Accounts Receivable and Prepayments	(38,178)	1,087,284
Increase/(Decrease) in Accounts Payable and Accruals	111,818	(212,232)
Supplemental Special Reserve Fund	(223,491)	105,175
Education Fund	(472,313)	(382,466)
Special Reserve Fund	(230,848)	(101,948)
(Decrease)/Increase in Investment Re-valuation Reserve	(795,521)	3,631,617
Increase in Reserve Fund	592	752
Thrift Investment	2,951	-
(Decrease)/Increase in Amounts Due to Deceased Members	<u>(116,083)</u>	<u>245,139</u>
Net Cash Provided by Operating Activities	<u>16,378,649</u>	<u>21,698,390</u>
 <u>INVESTING ACTIVITIES</u>		
(Decrease) in Members Loans	(11,516,796)	(21,693,004)
Increase in Fixed Assets	(701,714)	(3,330,986)
(Increase) in Long Term Investments	<u>(554,187)</u>	<u>(3,220,668)</u>
Cash used in investing activities	<u>(12,772,697)</u>	<u>(28,244,659)</u>
 <u>FINANCING ACTIVITIES</u>		
Dividends Paid	(14,286,020)	(11,108,685)
Increase in Members Shares	29,281,932	26,823,621
Increase in Members' Fixed Deposits	<u>1,639,398</u>	<u>2,216,245</u>
Net Cash from financing activities	<u>16,635,310</u>	<u>17,931,181</u>
Net Increase in Cash and Cash Equivalents	20,241,262	11,384,912
Cash and Cash Equivalents at beginning of year	<u>70,697,177</u>	<u>59,312,265</u>
Cash and Cash Equivalents at end of year	<u>\$90,938,439</u>	<u>\$70,697,177</u>
 <u>REPRESENTED BY:</u>		
Cash in Hand and at Bank	15,599,265	13,378,574
Short Term Investments	<u>75,339,174</u>	<u>57,318,601</u>
	<u>\$90,938,439</u>	<u>\$70,697,177</u>



PALO SECO CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER, 2015

These notes are applicable to the Credit Union's Financial Statements.

1. REGISTRATION AND OBJECTIVES

The Society was registered under The Co-operative Society Act of Trinidad and Tobago on January 30, 1948.

It operates as a Credit Union for the benefit of persons of good character who are residents of Los Bajos and environs, all employees of Trinidad and Tobago Petroleum Company Limited and of any industry or commercial enterprise operating within the area of operation of the Society, permanent employees of the Society and other registered co-operative societies in the Republic of Trinidad and Tobago.

It is governed by the Laws of the Republic of Trinidad and Tobago and its Bye-laws as adopted by members, at resolutions, at general meetings.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in these financial statements have been applied consistently to all periods presented in the financial statements and are set out hereunder.

(a) Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, are presented in Trinidad and Tobago dollars, which is the functional currency, and rounded to the nearest whole dollar.

The financial statements are prepared on the historical cost basis modified for the inclusion of investments at fair value through profit and loss, revaluation of property, plant and equipment and available-for-sale investments at fair value.

(b) Revenue Recognition

Interest income is accounted for on the accrual basis for investments. Interest on loans is accounted for on a cash basis, at the rate prescribed by the Bye-Laws of this Credit

Union.

(c) Foreign Currency

Transactions in foreign currencies are translated at the rate of exchange ruling at the transaction date. Foreign monetary assets and liabilities are translated at the exchange rate prevailing at the balance sheet date. Resulting translation differences and profits and losses from trading activities are included in the statement of income.

(d) Financial Assets and Liabilities

Financial instruments carried on the balance sheet include cash resources, investments, loans, deposits and other liabilities. The standard treatment for recognition, de-



recognition, classification and measurement of this Credit Union's financial instruments are noted in notes (i) to (iv).

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PALO SECO CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
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(i) Recognition

The Credit Union initially recognizes loans, advances and deposits on the date they originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized on the transaction date on which this Credit Union becomes a party to the contractual provision of the instrument.

(ii) De-recognition

This Credit Union derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

This Credit Union derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

(iii) Classification

This Credit Union classifies its financial assets into the following categories: financial assets at fair value through profit and loss; loans and receivables; held-to-maturity and available-for-sale assets. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through the income statement

This category includes financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when this Credit Union provides money directly to its members with no intention of trading the receivable.

Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that this Credit Union's management has the positive intention and ability to hold to maturity. Were this Credit Union

to sell other than a significant amount of held-to-maturity assets, the entire category would be compromised and re-classified as available-for-sale.

PALO SECO CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
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Available for sale

Available-for-sale investments are those intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

(iv) Measurement

Financial instruments are measured initially at cost, including transaction costs. Subsequent to initial recognition, all financial assets at fair value through profit and loss and available-for-sale assets are measured at fair value, based on their quoted market price, at the balance sheet date, without any deduction for transaction costs. Where the instrument is not actively traded or quoted on recognized exchanges, fair value is determined using discounted cash flow analysis.

Any available-for-sale asset that does not have a quoted market price in an active market and where fair value cannot be reliably measured is stated at cost, including transaction cost, less impairment losses.

All non-trading financial liabilities, originated loans and receivables and held-to-maturity assets are measured at amortized costs less impairment losses. Amortized cost is calculated on the effective interest method.

(e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits with banks and short term highly liquid investments with maturities of three months or less when purchased. These are shown at cost.

(f) Investment Securities

Debt investments that this Credit Union has the intent to hold to maturity are classified as held-to-maturity assets. All other investments are classified as available-for-sale.

On disposal or on maturity of an investment, the difference between the net proceeds and the carrying amount is included in the statement of income. When available-for-sale assets are sold, converted or otherwise disposed of, the cumulative gain or loss recognized in equity is transferred to the statement of income.

(g) Loans

Loans and advances granted by this Credit Union are stated at cost (amortized cost).

Loan is classified as non-accrual when principal or interest is past due or when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of principal or interest. Non-accrual loans may revert to performing status when all payments

become fully current or when management has determined there is no reasonable doubt of ultimate collectability.

PALO SECO CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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Loans are written off after all the necessary legal procedures have been completed and the amount of the loss is finally determined.

This Credit Union maintains a loan loss provision, which in management's opinion, is adequate to absorb all incurred credit-related losses in its loan portfolio. The loan loss provision is calculated using a formula method taking into account recent loss experience.

The provision for the year, less recoveries of amounts previously written off and the reversal of provisions no longer required, is disclosed in the statement of income as loan loss expense.

(h) Fixed Assets

Fixed assets are stated at historical costs or valuation. Depreciation is provided at the following rates considered appropriate to write off the assets over their estimated useful lives:

Building	-	4 % straight line
Office Furniture, Equipment &	-	27 ½ % in the first year thereafter
Computer Hardware & Software	-	7 ½ % on the reducing balance

3. CREDIT UNION POLICIES

The governance policies of this Credit Union include the following.

(a) Reserve Fund

In accordance with Bye Law 19 of the Society and The Co-operative Society Act, 1971, Section 47 (2), at least 10 % of the net surplus of the Society for the year is to be transferred to a reserve fund. All losses on investments, which are beyond the control of the Society, are written off in the Reserved Fund.

(b) Education Fund

In accordance with Bye Law 19 of the Credit Union, an amount of not less than 5 % of the net surplus of the year, after making provision for the reserve fund may be credited to an education fund. This fund is to be used for educational purposes.

(c) Dividends

Dividends are recommended by the Board of Directors and confirmed by the members at the Annual General Meeting. The dividend is computed on the basis of the average number of shares in issue throughout the year, the average being determined on the basis of the number of shares in issue at the end of each month. The Board of Directors has proposed a dividend of 5.0% - \$14,255,650 for the year ended December 31st, 2015 to be credited to members' share balances when approved and paid.

(d) Special Reserve Fund

This fund has been established in accordance with the authority given to the general meeting in accordance with Bye Law 19 (f) of the Credit Union and is being used a maximum of \$ 24,000 per member and increasing shares of deceased members to a maximum of \$9,600

PALO SECO CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER, 2015

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per member in accordance with a specific ratio of shareholding at time of death/age.

(e) Stabilization Fund

The Credit Union is no longer a member of the Stabilization Fund with effect from 15th September, 2007.

(f) Supplemental Reserve Fund

This fund has been established in accordance with the authority given to the Annual General Meeting in accordance with Bye Law 7(d) of the Credit Union to increase the life savings and loan protection coverage of members to \$25,000 and \$50,000 respectively.

4. <u>CASH ON HAND AND AT BANK</u>	<u>2015</u>	<u>2014</u>
Current Account – Republic Bank	10,027,815	10,408,215
Multiplier Account	89	89
Current Account – RBTT Bank	1,543,264	581,668
U.S. Account	323,281	53,460
Current Account – First Citizens Bank – GYM	2,008,014	233,631
Current Account – First Citizens Bank	48,060	1,048,420
Cash in Transit – Gym	5,187	736
Cash on Hand	<u>1,643,555</u>	<u>1,052,356</u>
	15,599,265	13,378,574
Fixed Deposits	<u>75,339,174</u>	<u>57,318,601</u>
Cash Resources	<u>\$90,938,439</u>	<u>\$70,697,175</u>
5. <u>ACCOUNTS RECEIVABLES AND PREPAYMENTS</u>	<u>2015</u>	<u>2014</u>
Prepayment	26,671	28,114
Ministry of National Security	70,467	600
Ministry of Works & Transport	26,570	74,904
Ministry of Education	-	169,219
Ministry of Health	278,644	131,145
Trinmar Limited	29,286	67,158
Petrotrin	-	166,815
Other	<u>547,771</u>	<u>303,276</u>

\$979,409

\$941,231



PALO SECO CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER, 2015

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6. INTEREST RECEIVABLE 2015 2014

Interest receivable is stated at total amount of interest outstanding net of provision for possible uncollectible balances.

Outstanding interest receivable	22,210,708	22,329,218
Less: Provision for possible Uncollectible interest	<u>(7,467,525)</u>	<u>(7,467,525)</u>
	<u>\$14,743,183</u>	<u>\$14,861,692</u>

7. LOANS TO MEMBERS 2015 2014

Loans to members are stated at principal outstanding net of a provision for loan losses. The provision for loan losses is based on management’s evaluation of the performance of the loan portfolio under current economic conditions and past loan loss experience.

Outstanding principal balances	211,471,143	199,854,347
Less: Provision for loan losses	<u>(2,400,000)</u>	<u>(2,300,000)</u>
	<u>\$209,071,143</u>	<u>\$197,554,347</u>

8. (i) INVESTMENTS 2015 2014

Held For Trading

Unit Trust First Unit Scheme	2,317,182	2,317,182
Unit Trust Second Unit Scheme	1,133,841	117,251
Unit Trust Money Market Fund	17,026	17,131
Unit Trust Chaconia Growth & Income	274,048	288,669
FCB El Tucuche Fixed Income Fund	8,211,824	8,756,452
Sheppard Securities (FCB)	1,763,895	1,867,713
AIC Energy 6.25% Note	4,237,505	4,237,505
Investment Wealth – Kijani (1)	2,100,830	1,898,422
Investment Wealth – Kijani (2)	1,126,567	1,107,286
KSMB Asset Management	<u>5,906,020</u>	<u>5,906,020</u>
	<u>\$27,088,738</u>	<u>\$25,513,631</u>

Available for Sale 2015 2014

T.C.L. Shares	79,800	50,000
Republic Bank Shares	301,763	322,819
Scotia Bank Shares	1,047,535	1,047,194
Royal Bank Canada Shares	455,689	455,689
Neal & Massy Shares	1,834,958	2,038,013
AIC Financial GRP Class D 5% Preference Shares	2,000,000	2,000,000

AIC Financial GRP 6.5% Preference Shares	3,047,399	3,047,399
Sagicor New Preference Shares	345,675	351,598

PALO SECO CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER, 2015



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	<u>2015</u>	<u>2014</u>
Praetorian Property	230,000	230,000
National Commercial Bank Jamaica	210,000	115,000
CMMB Shares	3	3
Grace Kennedy	2,025	1,825
Guardian Holdings Limited	365,680	371,000
Bourse Brazil Latin Fund	597,075	605,597
Republic Caribbean Equity Fund	497,004	491,583
Jamaica Money Market Brokers	57,640	45,064
Sagicor Financial Corp	589,000	565,250
Scotia Investments Jamaica Ltd	150,000	145,000
National Enterprises Limited	<u>327,400</u>	<u>348,400</u>
	<u>\$12,138,646</u>	<u>\$12,231,434</u>

Investments (cont'd)

<u>Held to Maturity</u>	<u>2015</u>	<u>2014</u>
US Dollar Life	260,305	252,106
Guardian Global Fund Solution	1,070,362	1,158,035
AIC Energy Med T/Note	3,762,395	3,762,395
Guardian Life Evolution Series	6,187,942	6,187,942
NIPDEC 19 Year TT Bond	5,412,479	5,412,479
Agostini 8% Bonds – Sheppard’s Security	6,163,237	6,163,237
Sagicor Financial Ltd	<u>1,038,218</u>	<u>886,877</u>
	<u>\$23,894,938</u>	<u>\$23,823,071</u>
Total Investments	<u>\$63,122,322</u>	<u>\$62,568,136</u>

(ii) **INVESTMENTS** 2015 2014

At the date of the audit report on 4TH March, 2016, the market value of the following investments decreased by the sum of \$2,722,461 as follows:-

Unit Trust First Unit Scheme	2,317,182	2,317,182
Unit Trust Second Unit Scheme	1,133,841	117,251
Unit Trust Money Market Fund	17,026	17,131
Unit Trust Chaconia Growth & Income	274,048	288,669
FCB El Tucuche Fixed Income Fund	8,211,824	8,756,452
Sheppard Securities – Cash and Cash Equivalent	1,763,895	1,867,713

Bourse Brazil Latin Fund	597,075	605,597
Scotia Bank Investment Jamaica	150,000	145,000
KSBM Asset Management	<u>5,906,020</u>	<u>5,906,020</u>
	<u>\$20,370,911</u>	<u>\$20,021,015</u>

PALO SECO CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER, 2015

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<u>Available for Sale</u>	<u>2015</u>	<u>2014</u>
T.C.L. Shares	79,800	50,000
Republic Bank Shares	301,763	322,819
Scotia Bank Shares	1,047,535	1,047,194
Royal Bank Canada Shares	455,689	455,689
Neal & Massy Shares	1,834,958	2,038,013
AIC Financial GRP Class D 5% Preference Shares	2,000,000	2,000,000
AIC Financial GRP 6.5% Preference Shares	3,047,399	3,047,399
Sagicor New Preference Shares	345,675	351,598
Praetorian Property	230,000	230,000
National Commercial Bank Jamaica	210,000	115,000
CMMB Shares	3	3
Grace Kennedy	2,025	1,825
Guardian Holdings Limited	365,680	371,000
Republic Caribbean Equity Fund	497,004	491,583
Jamaica Money Market Brokers	57,640	45,064
Sagicor Financial Corp	589,000	565,250
Scotia Investments Jamaica Ltd	150,000	145,000
National Enterprises Limited	<u>327,400</u>	<u>348,400</u>
	<u>\$11,541,571</u>	<u>\$11,625,835</u>

9. FIXED ASSETS

	<u>COST AT</u>	<u>ADDITION/</u>	<u>ACCUM.</u>	<u>N.B.V AT</u>	<u>N.B.V. AT</u>
	<u>01.01.15</u>	<u>(DISPOSALS)</u>	<u>DEPR. 2015</u>	<u>31.12.15</u>	<u>31.12.14</u>
Furniture & Equip	2,508,623	66,900	1,499,789	1,075,734	1,149,260
Computers	1,029,034	25,582	613,736	440,880	468,677
Land & Buildings	<u>10,543,531</u>	<u>609,232</u>	<u>3,463,600</u>	<u>7,689,163</u>	<u>7,495,652</u>
	<u>\$14,081,188</u>	<u>\$701,714</u>	<u>\$5,577,125</u>	<u>\$9,205,777</u>	<u>\$9,113,589</u>

DUE TO DECEASED MEMBERS

This represents amounts owing to beneficiaries of deceased members and includes the excess of their share balances over loan balances plus any benefit due to them as per Note 3 (d).

10. MEMBERS' SHARE BALANCES

Members' shares consist of 62,350,197 shares of \$5 each.

12. INVESTMENT RESERVE FUND

This fund represents the decrease in the fair value of the Credit Union's investments during the year.

13.	<u>EXCEPTIONAL ITEM</u>	<u>2015</u>	<u>2014</u>
	Prior Year Adjustment	\$ <u>37,991</u>	\$ <u>243,524</u>



PALO SECO CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
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14.	<u>FITNESS CENTRE INCOME</u>		<u>2015</u>
			<u>2014</u>
	Registration Fees	3,937	9,200
	Membership Fees	<u>201,479</u>	<u>207,455</u>
		<u>\$205,416</u>	<u>\$216,655</u>
	Sales	22,078	25,767
	Purchases	<u>15,666</u>	<u>19,378</u>
		<u>6,412</u>	<u>6,389</u>
	TOTAL INCOME	<u>\$211,828</u>	<u>\$223,044</u>

15.	<u>EXPENSES</u>	<u>2015</u>	<u>2014</u>
	a) <u>Administrative and Other</u>		
	Advertising	107,494	164,062
	AGM Expense	169,054	111,972
	Audit Fees	52,941	30,000
	Bad Debt Expenses	100,000	102,664
	Building Repairs/Maintenance	66,900	48,550
	Christmas Dinner	7,426	39,645
	Cleaning & Janitorial Expenses	63,389	45,505
	Consultant Fees	16,912	32,510
	Donation	27,455	24,632
	Electricity	108,653	96,084
	Fumigation/Pest Control	26,574	18,751
	Groceries & Toiletries	39,675	37,352
	Insurance – Fidelity	2,939	3,207
	Insurance – Money	10,010	15,671
	Insurance – Public Liability	1,409	1,537
	Insurance on Building	12,350	30,828
	Legal Fees	349,635	336,807
	League Dues	74,391	49,594
	Incidental Loss	(4,610)	133,894
	MTS Contract	511,014	481,032
	MTS Contract – GYM	151,110	151,110
	Office Expense	241,462	207,010
	Other	9,792	11,895
	Other Repairs & Maintenance	258,153	217,877
	Postage	85,947	54,665
	Printing & Stationery	132,685	95,214

Professional Fees	31,742	5,175
Security – Gym	45,782	-
Telephone	153,787	176,046
Transportation	12,906	13,883
Water Rates	4,205	2,859
Water Rates Boardroom & Fitness Centre	-	400
	<u>\$2,871,182</u>	<u>\$2,740,431</u>

PALO SECO CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
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a) <u>Officers</u>	<u>2015</u>	<u>2014</u>
Credit Committee Allowances	18,340	12,170
Honorarium	427,500	210,600
Other	32,922	33,813
Refreshments	46,208	39,454
Supervisory Committee	1,375	1,275
Group Life Insurance	1,941	1,941
Travelling	<u>37,401</u>	<u>12,007</u>
	<u>565,687</u>	<u>311,259</u>

i) <u>Employee Costs</u>	<u>2015</u>	<u>2014</u>
Acting	17,136	15,148
Backpay	443,961	-
Bonus & Incentives – GYM	2,350	2,415
Bonus & Incentives	35,845	36,493
COLA	508,589	460,970
Employee Computer Subsidy	2,186	4,228
Employee Group Life Insurance	17,955	32,886
Employee Medical Expenses	2,300	-
Employee Mortgage Subsidy	3,556	3,489
Ex Gratis	20,524	9,000
Group Health Plan	6,936	12,287
National Insurance – GYM	17,169	13,547
National Insurance	215,868	222,090
Overtime	155,583	94,358
Pension Plan	100,380	81,559
Salaries & Wages – GYM	202,634	175,023
Salaries & Wages	2,379,271	2,270,990
Savings Plan	13,680	21,009
Subsistence	7,500	14,100
Training & Development	108,341	44,258
Travelling Allowance	42,180	44,186
Uniforms	1,800	42,269
Workmen's Compensation	<u>4,111</u>	<u>4,111</u>
	<u>\$4,309,855</u>	<u>\$3,604,418</u>

d) <u>Interest and Bank Charges</u>	<u>2015</u>	<u>2014</u>
Interest & Bank Charges	27,469	23,677
Interest - Employee Savings Plan	4,244	4,253
Interest - Thrift Investment Account	2,618	6,898
Special Deposit	<u>438,731</u>	<u>434,155</u>
	<u>\$473,062</u>	<u>\$468,983</u>

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16. CLICO INVESTMENTS

By letter dated 17th December, 2015, Clico advised the Society that it has received its 85% payment under Policy No R000164208 in accordance with the first phase of the Colonial Life Insurance Company (Trinidad) Ltd (CLICO) Resolution Plan.

Under the second phase of the Resolution Plan the remaining 15% will be paid to the Credit Union and other policyholders out of proceeds from the sale of CLICO's shareholding in Methanol Holdings International Limited.

In the third phase of the Resolution Plan creditors outside of CLICO's statutory fund such as non-Government mutual fund holders will be paid from the sale of CLICO's shareholdings in Republic Bank Limited (RBL) and other assets. Payment to the Credit Union under Policy No. 5500000544 will be made in the third phase of the Resolution Plan.

17. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

The Society has not applied the following standard which became effective, as it does not apply to the activities of the Society:

- IAS 12 Income Taxes – Limited scope amendment (recovery of underlying assets)

The Society has applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Society or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Government Loans (effective for accounting periods beginning on or after 1 January 2013).
- IFRS 9 Financial Instruments: Classification and Measurement (effective for accounting periods beginning on or after 1 January 2015)
- IFRS 9 Financial Instruments: Accounting for Financial Liabilities and De-recognition (effective for accounting periods beginning on or after 1 January 2015)
- IFRS 10 Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2013).

- IFRS 11 Joint Arrangements Statements (effective for accounting periods beginning on or after 1 January 2013).
- IFRS 12 Disclosure of Interest in Other Entities Statements (effective for accounting periods beginning on or after 1 January 2013)
- IFRS 13 Fair Value Measurement (effective for accounting periods beginning on or after 1 January 2013)

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- IAS 1 Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented (effective for accounting periods beginning on or after 1 July 2012)
- IAS 19 Employee Benefits – Amended standard resulting from Post-Employment Benefits and Termination Benefits projects (effective for accounting periods beginning on or after 1 January 2013)
- IAS 27 Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2013)
- IAS 28 Investments in Associated – Reissued as IAS 28 Investments in Associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2013)
- IAS 32 Financial Instruments; Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2014)
- IFRIC Stripping Costs in the Production Phase of a Surface Mine (effective for accounting periods beginning on or after 1 January 2013)

The adoption of IFRS 9 Financial Instruments may result in significant changes in the Society's classification and presentation of financial instruments.

18. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Society.

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market prices.

Balances and transactions with related parties and key management personnel during the year were as follows:

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Loans to directors and key management persons and related persons	\$ <u>1,937,343</u>	\$ <u>1,224,359</u>

Deposits and other liabilities

Deposits held by directors and key management and related parties	\$ <u>397,898</u>	\$ <u>137,417</u>
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	<u>2015</u>	<u>2014</u>
<u>Shares</u>		
Shares held by directors and key management and related parties	\$ <u>4,918,343</u>	\$ <u>3,023,894</u>
<u>Income</u>		
Directors and key management personnel and related parties	\$ <u>422,665</u>	\$ <u>143,700</u>
<u>Interest/dividends and other expenses</u>		
Dividends – Directors and key management personnel and related parties	\$ <u>249,719</u>	\$ <u>132,720</u>
Key management compensation	\$ <u>223,100</u>	\$ <u>379,200</u>