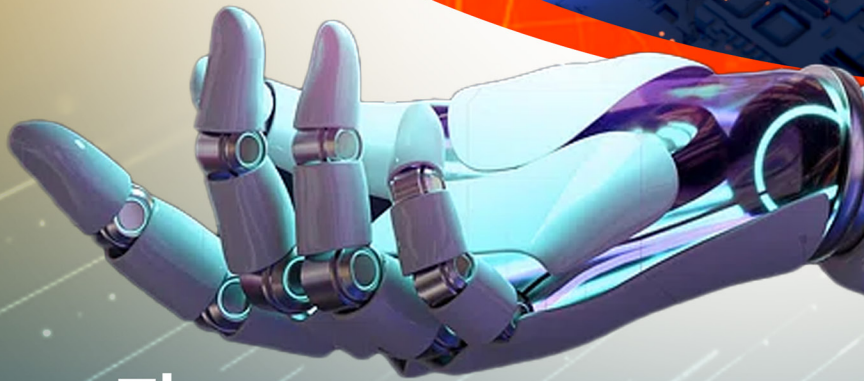




# Annual Report



## The World of **ARTIFICIAL INTELLIGENCE**

Saturday June 1st, 2024



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The  
**World of  
ARTIFICIAL  
INTELLIGENCE**

**SECU CREDIT UNION  
CO-OPERATIVE SOCIETY LIMITED**  
  
FINANCIAL STATEMENTS  
  
YEAR ENDED 31<sup>ST</sup> DECEMBER 2023

MAHARAJ  
MOHAMMED  
& Co.  
Chartered Accountants

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023

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Chartered Accountants  
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**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
SECU CREDIT UNION  
CO-OPERATIVE SOCIETY LIMITED**

*Opinion*

We have audited the financial statements of Secu Credit Union Co-Operative Society Limited which comprises the statement of financial position as at 31<sup>st</sup> December 2023, statement of comprehensive income, statement of changes in equity, statement of cash flows and receipts and payments account for the year then ended, and incorporating summary of significant accounting policies and other explanatory notes, as stated on pages 6 to 38.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Secu Credit Union Co-Operative Society Limited as at 31<sup>st</sup> December 2023 and the results of its operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), 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.

*Other information*

Management is responsible for the other information. The other information comprises the information included in the Society's annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.



#### *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 IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Society'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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



*Auditors' Responsibilities for the Audit of the Financial Statements (continued)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Rudranand Maharaj.



Maharaj Mohammed & Co.  
Chartered Accountants  
Trinidad & Tobago

29<sup>th</sup> April 2024

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the financial statements of Secu Credit Union Co-operative Society Limited, which comprise the statement of financial position as at 31<sup>st</sup> December, 2023, the statements of comprehensive income, changes in equity, statement of receipts and payments and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Credit Union keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Credit Union's assets, detection/prevention of fraud, and the achievement of Credit Union's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Co-operative Societies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

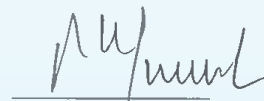
In preparing these audited financial statements, Management utilized the International Financial Reporting Standard, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, Management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of Management to indicate that Secu Credit Union Co-operative Society Limited will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorized for issue, if later.

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



Manager  
29<sup>th</sup> April 2024



Treasurer  
29<sup>th</sup> April 2024


SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF FINANCIAL POSITION AT 31<sup>ST</sup> DECEMBER 2023

	Notes	2023 \$	2022 \$
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and short-term funds	5	1,392,049	7,035,032
Accounts receivable and prepayments	6	679,299	1,003,175
Investment securities	11	<u>25,379,376</u>	<u>31,014,251</u>
Total current assets		<u>27,450,724</u>	<u>39,052,458</u>
<b>Non-current assets</b>			
Investment securities	7	4,551,005	3,919,000
Loans to members	9	186,813,772	169,136,555
Property, plant and equipment	12	10,065,156	5,399,634
Right- of-use assets	8	<u>392,151</u>	<u>93,716</u>
Total non-current assets		<u>201,822,084</u>	<u>178,548,905</u>
<b>Total Assets</b>		<b><u>229,272,808</u></b>	<b><u>217,601,363</u></b>
<b><u>MEMBERS' EQUITY AND LIABILITIES</u></b>			
<b>Members' equity</b>			
Reserve fund		16,096,365	15,321,686
Education fund		485,183	517,066
Charitable fund		18,730	18,730
Asset revaluation reserve	18	3,619,110	-
Investment re-measurement reserve	17	1,364,181	3,838,933
Undivided surplus		<u>7,293,939</u>	<u>6,632,324</u>
Total members' equity		<u>28,877,508</u>	<u>26,328,739</u>
<b>Non- current liabilities</b>			
Members' Shares	16	175,429,078	171,816,515
Lease liabilities	14	<u>100,019</u>	<u>2,964</u>
Total non-current liabilities		<u>175,529,097</u>	<u>171,819,479</u>
<b>Current liabilities</b>			
Bank overdraft	5	4,875,752	-
Accounts payables and accruals	13	576,991	227,965
Lease liabilities	14	302,266	99,787
Members' term deposits	15	<u>19,111,194</u>	<u>19,125,393</u>
Total current liabilities		<u>24,866,203</u>	<u>19,453,145</u>
Total Liabilities		<u>200,395,300</u>	<u>191,272,624</u>
<b>Total Liabilities and Shareholders' Equity</b>		<b><u>229,272,808</u></b>	<b><u>217,601,363</u></b>

The accompanying notes on pages 11 to 38 form an integral part of these financial statements.

  
President

  
Treasurer

  
Supervisory Chairman



SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023

	Note	2023 \$	2022 \$
<b>Revenue</b>			
Interest on members' loans		18,580,388	17,810,683
Investment income		928,543	999,265
Other income		<u>1,501,733</u>	<u>751,416</u>
Total revenue		<u>21,010,664</u>	<u>19,561,364</u>
<b>Expenses</b>			
Advertising and promotions		455,601	352,466
Annual general meeting		309,610	302,050
Bank charges		320,048	425,170
Board and committees		579,994	581,812
Cuna insurance		1,372,788	1,298,934
Depreciation		856,908	1,605,251
Expected credit loss	10	777,749	710,168
Insurances		185,320	176,665
Interest on members' deposits		69,989	70,982
Member related events		20,700	-
Occupancy		1,899,895	1,634,937
Office		555,706	456,273
Other		50,545	34,389
Personnel		5,848,642	5,156,236
Professional		<u>578,811</u>	<u>670,505</u>
		<u>13,882,306</u>	<u>13,475,838</u>
Operating surplus for the year		<u>7,128,358</u>	<u>6,085,526</u>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to Profit or Loss</i>			
Revaluation of property plant and equipment		3,619,110	-
Net change in fair value of equity investment securities Measured at fair value through OCI		<u>(2,474,752)</u>	<u>(2,274,867)</u>
<b>Total comprehensive income</b>		<u>8,272,716</u>	<u>3,810,659</u>

The accompanying notes on pages 11 to 38 form an integral part of these financial statements.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023

	Reserve Fund	Education Fund	Charitable Fund	Investment Re-measurement Reserve	Asset Revaluation	Retained Earnings	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 <sup>st</sup> January 2023	15,321,686	517,066	18,730	3,838,933	-	6,632,324	26,328,739
Net surplus for the year	-	-	-	-	-	7,128,358	7,128,358
Appropriations	712,836	320,776	-	-	-	(1,033,612)	-
Entrance fees	29,109	-	-	-	-	-	29,109
Fund expenditure / adjustments	32,734	(352,659)	-	-	-	(74,901)	(394,826)
Fair value movement on investment securities	-	-	-	(2,474,752)	-	-	(2,474,752)
Revaluation of property, plant and equipment	-	-	-	-	3,619,110	-	3,619,110
Honorarium paid	-	-	-	-	-	(300,444)	(300,444)
Dividends paid	-	-	-	-	-	(5,057,786)	(5,057,786)
<b>Balance at 31<sup>st</sup> December 2023</b>	<b><u>16,096,365</u></b>	<b><u>485,183</u></b>	<b><u>18,730</u></b>	<b><u>1,364,181</u></b>	<b><u>3,619,110</u></b>	<b><u>7,293,939</u></b>	<b><u>28,877,508</u></b>
Balance as at 1 <sup>st</sup> January 2022	14,672,841	494,818	18,730	5,990,433	-	6,728,638	27,905,460
Net surplus for the year	-	-	-	-	-	6,085,526	6,085,526
Appropriations	608,553	273,849	-	-	-	(882,402)	-
Entrance fees	36,667	-	-	-	-	-	36,667
Fund expenditure / adjustments	3,625	(251,601)	-	-	-	(10,472)	(258,448)
Fair value movement on investment securities	-	-	-	(2,151,500)	-	-	(2,151,500)
Honorarium paid	-	-	-	-	-	(304,807)	(304,807)
Dividends paid	-	-	-	-	-	(4,984,159)	(4,984,159)
<b>Balance at 31<sup>st</sup> December 2022</b>	<b><u>15,321,686</u></b>	<b><u>517,066</u></b>	<b><u>18,730</u></b>	<b><u>3,838,933</u></b>	<b><u>-</u></b>	<b><u>6,632,324</u></b>	<b><u>26,328,739</u></b>

The accompanying notes on pages 11 to 38 form an integral part of these financial statements.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023

	Note	2023 \$	2022 \$
<b>Operating activities</b>			
Net surplus for the year before appropriations		7,128,358	6,085,526
<b>Reconciliation of net surplus to net cash:</b>			
Depreciation		856,908	1,313,851
Revaluation of property plant and equipment		(3,619,110)	-
Adjustment to property, plant and equipment		54,779	32,287
Expected credit loss provision		777,749	710,168
Loss on disposal of property, plant and equipment		-	19,742
Increase in right-of-use asset		(298,435)	(291,400)
Changes in accounts receivable		323,877	(137,953)
Changes in accounts payable		349,026	54,614
Changes lease liabilities		<u>299,534</u>	<u>(299,139)</u>
<b>Net cash generated from operating activities</b>		<u>5,872,686</u>	<u>7,487,696</u>
<b>Investing activities</b>			
Net changes in loans to members		(18,400,455)	415,002
Net changes in members' deposits		(14,199)	587,071
Net changes in investment securities		5,002,870	(2,227,402)
Purchase of property, plant and equipment		(871,007)	(580,434)
Proceeds from disposal of property, plant and equipment		<u>3,024</u>	<u>4,886</u>
<b>Net cash (used in) investing activities</b>		<u>(14,279,767)</u>	<u>(1,800,877)</u>
<b>Financing activities</b>			
Increase in member's share balances		3,612,563	3,151,050
Dividends paid		(5,057,786)	(4,984,159)
Honorarium paid		(300,444)	(304,807)
Fund expenditure		(394,826)	(258,448)
Entrance fees		<u>29,109</u>	<u>36,667</u>
<b>Net cash (used in) financing activities</b>		<u>(2,111,654)</u>	<u>(2,359,697)</u>
<b>Net increase in cash and cash equivalents</b>		<u>(10,518,735)</u>	<u>3,327,122</u>
<b>Cash and cash equivalents</b>			
- at the beginning of the year		7,035,032	3,707,910
- at the end of the year		<u>(3,483,703)</u>	<u>7,035,032</u>
		<u>(10,518,735)</u>	<u>3,327,122</u>
<b>Represented by:</b>			
Cash and short-term funds		1,392,049	7,035,032
Bank overdraft		<u>(4,875,752)</u>	-
		<u>(3,483,703)</u>	<u>7,035,032</u>

The accompanying notes on pages 11 to 38 form an integral part of these financial statements.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR 31<sup>ST</sup> DECEMBER 2023

**1. Incorporation and principal activities**

The Society was incorporated under the Co-operative Societies Act Ch. 81:03 of the Republic of Trinidad and Tobago. Its registered office is situated at #101 Southern Main Road, California, Trinidad.

Its objectives are to promote the economic welfare of its members, self-help and co-operation, and to promote development of co-operative ideas.

**2. Significant Accounting Policies**

The principal accounting policies applied to the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

**(a) Basis of accounting**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. These financial statements were prepared under the historical cost convention.

*Functional and presentation currency*

The Credit Union's functional and presentation currency is Trinidad and Tobago dollars which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Society.

*Foreign currency transactions and balances*

Foreign currency transactions during the year are translated into Trinidad and Tobago dollars at the exchange rates ruling at the dates of the transactions. Current assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Gains or losses thus arising are included in the statement of income.

**(i) Standards amended and interpretations which are effective and have been adopted by the Credit Union in the accounting period.**

The accounting policies adopted in the preparation of the Society's financial statements are consistent with those followed in the previous financial year

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023

2. **Significant accounting policies (continued)**

(a) **Basis of accounting (continued)**

- (ii) *New standards, amendments and interpretations issued but not effective and not early adopted.*

There were no new standards, amendments and interpretations issued but not effective that would have an impact on the financial statements of the Credit Union.

- (iii) *Standards and amendments to published standards early adopted by the Corporation*

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Credit Union's consolidated financial statements. These standards and interpretations will be applicable at a future date and will be adopted when they become effective.

- Amendment to IFRS 16 – Leases on sale and leaseback (effective January 1, 2024)
- Amendment to IAS 1 – Non-current liabilities with covenants (effective January 1, 2024)
- Amendment to IAS 7 and IFRS 7 - Supplier finance (effective January 1, 2024)
- Amendments to IAS 21 - Lack of Exchangeability (effective January 1, 2025)
- IFRS S1, 'General requirements for disclosure of sustainability-related financial information. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. - effective for periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions.

The Credit Union does not expect that the adoption of the standards listed above will have a material impact on the financial statements in future periods.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR 31<sup>ST</sup> DECEMBER 2023

**2. Significant Accounting Policies (continued)**

**(b) Revenue recognition**

Interest on Loans

Interest on loans to members is accounted for on a cash basis in accordance with the Co-operative Societies Act 1971.

Investment Income

Income from investments is accounted for on the accruals basis except for dividends which are accounted for on a cash basis.

Other Income and Expenses

Other income and expenses are accounted for on the accrual basis.

**(c) Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided on the straight-line basis.

Buildings	- 2%
Furniture and fixtures	- 20%
Computer Equipment	- 20%
Computer Software	- 33 1/3%
Motor Vehicles	- 25%
PPT Project	- 25% (2022 - 50%)

The assets' residual values and useful lives are reviewed at each reporting date, and adjusted as appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

During 2022 accelerated depreciation was applied to Sharetec, the main operating system. This resulted in the then remaining book value having an estimated economic useful life of two years. Following the renewal of the contractual life in 2023, guarantees were provided for dormant features to be activated toward improving the credit union's operational efficiency. As a result, the economic useful life following the renewal was revised to cover a four-year period.

**(d) Cash and cash equivalents.**

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand and at bank net of bank overdraft.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR 31<sup>ST</sup> DECEMBER 2023

**2. Significant Accounting Policies (continued)**

**(e) Accounts receivable**

Trade receivables are measured at cost or transaction price. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. This provision is equivalent to the carrying amount less the recoverable amount.

**(f) Accounts payable**

Accounts payable initially recognised at cost or transaction price, are obligations on the basis of normal credit terms and do not bear interest.

**(g) Taxation**

The Credit Union is subject to Green Fund Levy based on the stipulated rate for the respective year. The profits arising from the Society are exempt from Corporation Tax as per the Co-operative Societies Act Chapter 81:03 sections 76-77.

**(h) Financial Instruments**

*Date of Recognition*

Financial assets and liabilities, with the exception of loans and advances to members and balance due to members, are initially recognised on the settlement date, which is the date that an asset is delivered to or by the Society. Loans and advances to members are recognised when funds are disbursed or transferred to members' accounts. The Society recognises balances due to members when funds are deposited with the Society.

*Initial Measurement of financial instruments*

The classification of financial instruments at initial recognition depends on its contractual terms and the business model for managing the instruments. Financial instruments are initially measured at its fair value except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Society accounts for the Day 1 profit or loss, as described below.

*Day 1 profit or loss*

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on the valuation technique using only inputs observable in market transactions, the Society recognises the difference between the transaction price and fair value in net operating income. In those cases where fair value is based on models for which some of inputs are not observable, the difference between the transaction price and fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023

2. **Significant accounting policies (continued)**

(h) **Financial Instruments (continued)**

Measurement Categories of financial assets and liabilities

The Society classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- Fair value through profit or loss (FVTPL);
- Fair value through Other Comprehensive Income (FVOCI)

The society may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

i) **Financial Assets and Liabilities**

Loans to members and financial investments at amortised cost

The Society only measures loans and advances to members and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below:

The Business Model Assessment

The Society determines its business model at the level that best reflects how it manages financial assets to achieve its business objective. The Society's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- The expected frequency, value and timing of sales are also important aspects of the Society's assessment.

The Business Model Assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Society's original expectations, the Society does not change the classification of the remaining financial assets held in the business model, but incorporates such information when assessing how newly originated or newly purchased financial assets going forward.



SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023

2. **Significant accounting policies (continued)**

(h) **Financial Instruments (continued)**

The SPPI (solely payments of principal and interest) test

As a second step of its classification process the Society assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Society applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, the contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

ii) **Financial Assets and financial liabilities at fair value through profit or loss**

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met.

Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis, or
- The liabilities are part of the Society’s financial liabilities, which are managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movement in fair value of liabilities designated at FVTPL due to changes in the Society’s own credit risk. Such changes in fair value are recorded in the own credit reserve through OCI and do not get recycled to the profit or loss.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023

2. **Significant accounting policies (continued)**

(h) **Financial Instruments (continued)**

The SPPI (solely payments of principal and interest) test (continued)

iii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income includes certain equity instruments, corporate bonds, notes and repurchase agreements.

These financial assets are investments that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables.

These financial assets are initially recognised at fair value plus transaction cost that are directly attributable to its acquisition.

After initial recognition, investments which are classified as “fair value through other comprehensive income” are measured at fair value with unrealised gains or losses on revaluation recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative loss or gain previously reported in the capital reserve is included in the statement of comprehensive income.

iv) Reclassification of financial assets and liabilities

The Society does not reclassify its financial assets subsequent to its initial recognition, apart from the exceptional circumstances in which the Society acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Society may reclassify any one of its financial assets from loans and advances to debt instruments at amortised cost. No financial liabilities were reclassified.

v) Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

The Society derecognises a financial asset such as a loan to a member, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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2. **Significant accounting policies (continued)**

(h) **Financial Instruments (continued)**

The SPPI (solely payments of principal and interest) test (continued)

vi) Derecognition other than substantial modification

Financial assets

A financial asset (or, where applicable, a part of a financial asset) is derecognised when the rights to receive cash flows from the financial asset have expired. The Society also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Society has transferred the financial asset if, and only if, either:

- The Society has transferred its contractual rights to receive cash flows from the financial asset, or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

vii) Impairment of financial assets

Overview of the ECL principles

The Society has been recording the allowance for expected credit losses for all loans and other debt financial asset not held at FVTPL, in this section all referred to as 'financial instruments. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL).

The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12m ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023

2. **Significant accounting policies (continued)**

(h) **Financial Instruments (continued)**

Overview of the ECL principles (continued)

The Society has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Society groups its loans into Stage 1, Stage 2, Stage 3, as described below:

- Stage 1: When loans are first recognised, the Society recognises an allowance based on 12m ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Society records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The Society records an allowance for the LTECLs.

For financial assets for which the Society has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The calculation of ECLs

The Society calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Society in accordance with the contract and the cash flows that the Society expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

PD – The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD- The Exposure of Default is an estimate of the exposure at a future default date, taking account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023

2. **Significant accounting policies (continued)**

(h) **Financial Instruments (continued)**

Calculation of ECLs (continued)

LGD- The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of a collateral. It is usually expressed as a percentage of the EAD.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Society has the legal right to call it earlier.

Collateral valuation

To mitigate its credit risks on financial assets, the Society seeks to use collateral, where possible. The collateral comes in various forms, such as shares, deposits, deed of mortgage and other non-financial assets. Collateral, unless repossessed, is not recorded on the Society's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed at a minimum at inception and re-assessed on a quarterly basis.

Write-offs

Loans and receivables are written off when the Society has no reasonable expectation of recovering the financial asset, for example, when the Society determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay. A write-off constitutes a derecognition event. Subsequent recoveries resulting from the Society's enforcement activities will result in gain.

(i) **Members' loans**

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

A 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.

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.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR 31<sup>ST</sup> DECEMBER 2023

**2. Significant Accounting Policies (continued)**

**(j) 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 annual net surplus of the Society for the year is to be transferred to a reserve fund. The reserve fund is indivisible and no member is entitled to any specific share thereof.

Under Regulation 47 of the Co-operative Societies Act 1971, the Reserve fund of a Society may, with the approval of the Commissioner be applied to meet bad debts or losses sustained through extraordinary circumstances over which the Society has no control.

**(k) 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.

**(l) Investment re-measurement reserve**

The Society created an investment re-measurement reserve to include unrealised gains/losses on investment securities recorded as fair value through other comprehensive income.

**(m) Asset revaluation reserve**

The Society created an asset re-measurement reserve to include unrealized gains/losses on properties recorded as fair value through other comprehensive income.

**(n) 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.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR 31<sup>ST</sup> DECEMBER 2023

**2. Significant Accounting Policies (continued)**

**(o) Provisions**

Provisions are recognised when the society has a present legal or constructive obligation as a result of past events. It is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Provisions are not recognised for future operating losses. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

**(p) Members' deposits**

A member may deposit money into his account in the Credit Union subject to the terms and conditions specified by the Board.

*(i) Members' saving deposits*

Members' savings deposits are stated at their current balance. Interest on members' savings deposits is calculated at the rate of 0.5% per annum and paid on a quarterly basis.

*(ii) Members' fixed deposits*

Members' fixed deposits are stated at its current balance. Interest on members' fixed deposits is calculated generally at rates between 1% and 1.75%. There were four (4) fixed deposits held within the credit union. These fixed deposits matured during the financial year and were not renewed.

**(r) Employee benefits / pension obligations**

The Credit Union operates a defined contribution plan and pays contributions to administered pension insurance plans. The Credit Union has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in the future payments is available.

**(s) Unclaimed shares**

Under Bye-Law 8 (a), the Board may transfer any shares and or interest not claimed (net of any amounts due to the Society) within one year from the date of the last transaction of a member, whose whereabouts are unknown, to an Unclaimed Shares Account. Any sums remaining unclaimed for three (3) years may be transferred to the Reserve Fund.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR 31<sup>ST</sup> DECEMBER 2023

**2. Significant Accounting Policies (continued)**

**(t) Comparative**

Where necessary, comparative figures have been adjusted to take account of the changes in presentation in the current year.

**(u) Leases**

The Society accounts for a contract or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Society obtains substantially all the economic benefits from the use of the asset.
- The Society has the right to direct use of the asset.

The Society considers whether the supplier has substantive substitution rights. If the supplier does have those right, the contract is not identified as giving rise to a lease. In determining whether the Society obtains substantially all the economic benefits from the use of the asset, the Society considers only the economic benefits that arise use of the asset, not those incidentals to legal ownership or other potential benefits.

In determining whether the Society has the right to direct use of the asset, the Society considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Society applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low-value assets; and
- Leases with a duration of 12 months or less.



SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR 31<sup>ST</sup> DECEMBER 2023

**3. Financial Risk Management**

**Financial Risk factors**

The Society's activities are primarily related to the use of financial instruments. The Society accepts funds from members and earns interest by investing in various types of financial instruments and on lending to members at higher interest rates.

**Financial Instruments**

The following table summarises the carrying amount and fair values of the Society's financial assets and liabilities: -

	Carrying Value	Fair Value
	2023	2023
	\$	\$
<b>Financial Assets</b>		
Cash and short-term funds	1,392,049	1,392,049
Investment interest receivable	77,675	77,675
Investment securities	29,930,381	29,930,381
Loans to members	186,813,772	186,813,772
<b>Financial Liabilities</b>		
Bank overdraft	4,875,752	4,875,752
Members' deposits	19,111,194	19,111,194
Members' Shares	175,429,078	175,429,078
	Carrying Value	Fair Value
	2022	2022
	\$	\$
<b>Financial Assets</b>		
Cash and short-term funds	7,035,032	7,035,032
Investment interest receivable	70,870	70,870
Investment securities	34,933,251	34,933,251
Loans to members	169,136,555	169,136,555
<b>Financial Liabilities</b>		
Members' deposits	19,125,393	19,125,393
Members' Shares	171,816,515	171,816,515

The society is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the society to manage these risks are discussed below:

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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**3. Financial Risk Management (continued)**

**(a) Operational risk**

Operational risk is the risk derived from deficiencies relating to the Credit Union's information technology and control systems, as well as the risk of human error and natural disasters. The Credit Union's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimise human error.

**(b) Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Credit Union's measurement currency. The Credit Union is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The Society's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in bonds, loans, customer deposits and other funding instruments.

*Management of interest rate risk*

The primary goal of the Society's investment strategy is to maximize investment returns while maintaining risks at an acceptable level. The value of the Society's financial investments will fluctuate due to changes in market prices of the equity and debt securities. The Society manages market risks by using the following strategies:

- Investing a certain percentage of total assets in financial instruments and monitoring the mix of debt and equity securities in its investment portfolio based on market expectation.
- Monitoring the price movements of debt and equity securities on a monthly basis in order to determine market trends.
- Investing in debt and equity securities that do not have a documented history of high price volatility and are easily tradable.
- Decisions to buy and sell investments must be approved by the Board of Directors.

**(d) Reputation risk**

The risk of loss of reputation arising from the negative publicity relating to the Credit Union's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Society. The Society applies procedures to minimise this risk.



SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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**3. Financial Risk**

**(f) Compliance risk**

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to supervision by the Inspector of Financial Institutions at the Central Bank of Trinidad and Tobago as well as by the monitoring of controls applied to the Society.

**(g) Credit risk**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the Statement of Financial Position date. The Credit Union relies heavily on a written Loan Policy Manual, which sets out in detail the current policies governing the lending function and provides a comprehensive framework for prudent risk management of the credit function. Adherence to these guidelines is expected to communicate the Credit Union's lending philosophy; provide policy guidelines to team members involve in lending; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

The Credit Union's loan portfolio is managed and consistently monitored by the Credit Committee and is adequately secured by collateral and where necessary, provisions have been established for potential credit losses on delinquent accounts. The society also actively monitors global economic development and government policies that may affect the growth rate of the local government.

**(h) Capital risk management**

The Credit Union manages its capital to ensure that it will be able to continue as a going concern while maximising the return to members, and providing value to its members by offering loan and savings facilities. The Credit Union's overall strategy remains unchanged from previous years. The capital structure of the Credit Union consists of equity attributable to members, and comprises members' funds, reserves and retained earnings.

**(i) Capital Commitments and Contingent Liabilities**

The Society has no contracted capital commitments as well as no contingent liabilities at year end (2022: nil).

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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**4. Critical Accounting Estimates and Judgments**

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in the process of applying the Credit Union's accounting policies (see basis of preparation). Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Credit Union makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Changes in accounting estimates are recognised in the statement of comprehensive income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- i) *Classification of financial assets:* Assessments of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are SPPI on the principal amount outstanding.
- ii) Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of modes used to measure ECL.
- iii) *Impairment of financial instruments:* Determining inputs into the ECL measurement model, including the incorporation of forward-looking information. Determination of fair value of financial instruments with significant unobservable inputs. Key assumptions used in estimating recoverable cash flows.
- iv) *Which depreciation method for property plant and equipment is used.* The key assumption concerning the future and other key sources of estimation uncertainty at the statement of financial position date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:
  - i) *Impairment of assets* IFRS 9 dictates that entities are to develop an impairment model that would reflect the general pattern of deterioration in the credit quality of financial instruments and in which the amount of expected credit losses recognised as a loss allowance or provision would depend on the level of deterioration in the credit quality of financial instruments since initial recognition.
  - ii) *Property, plant and equipment* Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of assets.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR 31<sup>ST</sup> DECEMBER 2023

**5. Cash and bank**

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2023	2022
	\$	\$
Cash on hand	260,579	757,498
Cash in transit	34,052	959,993
Cash at commercial banks	<u>1,097,418</u>	<u>5,317,541</u>
Bank overdraft	1,392,049	7,035,032
	<u>(4,875,752)</u>	<u>-</u>
	<u>(3,483,703)</u>	<u>7,035,032</u>

The society maintains two overdraft facilities:

- i) First Citizens Bank Limited – limit \$5,000,000 at an interest rate of 7.5%.

Security for this facility is represented as follows:

- a) Abercrombie Fund in the name of Secu Credit Union Co-operative Society Limited for \$1,800,500.00
- b) Assignment of the following shares:

<i>Company</i>	<i>Number of Shares</i>
Angostura Holdings Limited	18,627
ANSA Merchant Bank Ltd	5,820
ANSA Mc Cal	570
Guardian Holdings Ltd	27,547
Unilever Brothers	2,500
N.C.B. Jamaica	293,730
N.E.L	9,710
Neal & Massy	2,700
PLIPDECO	16,541
RBC	424
Republic Bank Limited	2,500
Sagicor	20,000
Scotiabank Ltd.	20,000
WITCO	12,186

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NOTES TO THE FINANCIAL STATEMENTS  
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**5. Cash and cash equivalents (continued)**

- ii) RBC Royal Bank - limit \$1,000,000 at interest rate of 9.25% (Commercial Prime).

Security for this facility is represented as follows:

- a) Hypothecation of 24,000 Roytrin Income Fund units in the name of Secu Credit Union Co-operative Society Limited, held to secure advances in the name of Secu Credit Union Co-operative Society Limited. Stamped to secure TT \$600,000.00
- b) Hypothecation of 911 Roytrin Income Fund units in the name of Secu Credit Union Co-operative Society Limited, held to secure advances in the name of Secu Credit Union Co-operative Society Limited.
- c) Assignment of the following shares in the name of SECU Credit Union Co-operative Society Limited held to protect facility in the name of SECU Credit Union Co-operative Society Limited, stamped to cover TT\$127,000.00

<i>Company</i>	<i>Number of Shares</i>
Angostura Holdings Limited	1,383
Guardian Holdings Limited	1,003
National Flour Mills Limited	2,035
WITCO	1,030
Unilever Caribbean Limited	670

<b>6. Accounts receivable and prepayments</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Interest Receivable	77,675	70,870
CUNA receivable	179,076	404,205
Sundry receivables and prepayments	422,548	528,100
	<u>679,299</u>	<u>1,003,175</u>

**7. Investment securities – non-current**

<b>Debt instruments measured at amortized cost</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
National Investment Fund	2,984,000	2,984,000
Home Mortgage Bank Limited	935,000	935,000
TT \$7mn 4.25% Bond Due 2037	32,005	-
Trinidad & Tobago Mortgage Finance	<u>600,000</u>	-
Balance as at December 31	<u>4,551,005</u>	<u>3,919,000</u>

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR 31<sup>ST</sup> DECEMBER 2023

**8. Right-of-use Assets**

	2023	2022
	\$	\$
<b>i) Property</b>		
Balance as at January 1	93,716	385,116
Addition to right-of-use assets	591,243	-
Depreciation charge for the year	(292,808)	(291,400)
Balance as at December 31	<u>392,151</u>	<u>93,716</u>

	2023	2022
	\$	\$
<b>ii) Amount recognised in Statement of Comprehensive Income</b>		
Interest on lease liabilities	37,570	30,142
Depreciation	292,808	291,400
Expense relating to short term lease	57,600	57,600

	2023	2022
	\$	\$
<b>9. Members' loans</b>		
Back to school	35,288	55,719
Business	580,145	639,089
Carnival loan	32,020	-
Computer	40,719	67,325
Covid-19 relief	12,279	23,172
Christmas loan	1,051,633	48,174
Debt consolidation	1,403,263	105,460
Mortgage	22,595,269	23,782,024
Ordinary	98,990,924	97,503,884
Tertiary Education	661,431	137,743
Unsecured Loan	35,576,488	31,405,976
Vehicle Loans	<u>32,601,546</u>	<u>21,411,984</u>
	193,581,005	175,180,550
Less: Expected Credit losses (note 10)	<u>(6,767,233)</u>	<u>(6,043,995)</u>
Total loans net expected credit losses	<u>186,813,772</u>	<u>169,136,555</u>

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.



SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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10. Measurement of Expected Credit Loss (ECL)	2023	2022
	\$	\$
Opening balance as at 1 <sup>st</sup> January	6,043,995	5,889,180
Expected Credit losses	777,749	710,168
Loans written off	<u>(54,511)</u>	<u>(555,353)</u>
Closing balance as at 31 <sup>st</sup> December	<u>6,767,233</u>	<u>6,043,995</u>

An analysis of the credit union's credit risk exposure without taking into account the effects of collateral is provided in the following tables. The amounts in the table represent gross carrying amounts.

**SECU Credit Union Co-operative Society Ltd  
IFRS 9**

Analysis of Movement in Expected Credit Losses

	Stage 1 0 - 30 Days in Arrears	Stage 2 31 - 90 Days in Arrears	Stage 3 >90 Days in Arrears	Sum Total
<b>December 31, 2023</b>				
Principal	159,284,957	8,900,495	25,395,553	193,581,005
Expected Credit Losses	<u>(4,462,243)</u>	<u>(616,440)</u>	<u>(1,688,550)</u>	<u>(6,767,233)</u>
	<u>154,822,714</u>	<u>8,284,055</u>	<u>23,707,003</u>	<u>186,813,772</u>
<b>December 31, 2022</b>				
Principal	147,102,471	5,572,460	22,505,619	175,180,550
Expected Credit Losses	<u>(4,389,926)</u>	<u>(483,777)</u>	<u>(1,170,292)</u>	<u>(6,043,995)</u>
	<u>142,712,545</u>	<u>5,088,683</u>	<u>21,335,327</u>	<u>169,136,555</u>

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR 31<sup>ST</sup> DECEMBER 2023

**11. Investment securities - current**

<b>i) Fair value through other comprehensive income</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Angostura holdings Limited 35,149 shares	771,521	843,576
Ansa Finance Limited 5,820 shares	262,482	256,080
Ansa Mcal Limited 570 shares	30,814	29,355
CLICO Investment Fund 10,895 shares	-	299,177
First Caribbean International Bank 7,400 shares	52,096	40,330
First Citizens Bank Limited 30,393 shares	1,492,600	1,580,436
Guardian Holdings Limited 34,179 shares	647,008	922,491
Jamaica Money Market Brokers 316,776 shares	427,648	605,042
Lever Brothers (W.I.) Limited 34,154 shares	382,424	440,471
Massy Holdings Limited 313,800 shares	1,374,444	1,412,100
National Enterprises Limited 29,884 shares	124,019	101,606
National Flour Mills 15,324 shares	29,729	22,986
Trinidad and Tobago NGL Limited 22,710 shares	249,810	527,099
National Commercial Bank Jamaica 315,066 shares	1,071,224	1,436,701
One Caribbean Media limited 12,694 shares	48,237	41,890
Point Lisas Industrial Port Development Corporation Ltd 16,541 shares	61,202	56,405
Republic Financial Holdings Limited 7,727 shares	948,335	776,537
Royal Bank of Canada 665 shares	485,712	452,030
Sagicor Financial Corporation 4,607 shares	149,413	136,284
Scotiabank Trinidad and Tobago Limited 27,041 shares	1,883,946	2,112,173
Trinidad Cement Limited 83,927 shares	261,013	327,315
The West Indian Tobacco Company Limited 76,802 shares	<u>683,537</u>	<u>1,613,610</u>
	<u>11,473,2154</u>	<u>14,033,694</u>
<b>ii) Debt instruments measured at FVOCI</b>		
Trinidad and Tobago Mortgage Finance Co. Limited	<u>2,000,000</u>	<u>2,000,000</u>
<b>iii) Equity instruments measured at FVTPL</b>		
A/C Mutual Funds	281,842	264,087
First Citizens Bank Limited; Abercrombie Funds	3,163,432	2,578,371
Fixed Deposits	1,500,000	-
US Savings Account	30,175	54,273
Roytrin Mutual Fund	680,066	753,728
Guardian Asset Management	272,866	86,633
Trinidad and Tobago Unit Trust Incorporation 1 <sup>st</sup> Scheme	40,298	40,716
2 <sup>nd</sup> Schemes	<u>5,861,796</u>	<u>11,202,749</u>
	<u>12,053,850</u>	<u>14,980,557</u>
<b>Total investment securities</b>	<b>25,379,376</b>	<b>31,014,251</b>

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR 31<sup>ST</sup> DECEMBER 2023

12. Property, plant and equipment

31 <sup>st</sup> December 2023	Computer Equipment	Computer Software	Furniture & Fixtures	Land & Building	Motor Vehicles	PPT Project	Total
<i>Cost/Valuation</i>	\$	\$	\$	\$	\$	\$	\$
January 1, 2023	2,303,732	930,773	3,581,168	4,562,948	210,000	2,208,132	13,796,753
Additions	131,072	36,994	62,940	640,000	-	-	871,006
Disposal	(3,753)	(7,419)	(5,931)	-	-	-	(17,103)
Adjustments / revaluation	(9,000)	-	-	3,483,061	-	-	3,474,061
December 31, 2023	2,422,051	960,348	3,638,177	8,686,009	210,000	2,208,132	18,124,717
<i>Accumulated Depreciation</i>							
January 1, 2023	1,687,981	824,900	3,436,551	886,404	87,500	1,473,783	8,397,119
Charge for the year	205,117	61,996	66,999	6,359	42,000	181,628	564,100
Disposal	(1,376)	(7,419)	(5,284)	-	-	-	(14,079)
Adjustments / revaluation	(8,438)	-	432	(879,573)	-	-	(887,579)
December 31, 2023	1,883,284	879,477	3,498,698	13,190	129,500	1,655,412	8,059,561
<b>Net Book Value 2023</b>	<b>538,767</b>	<b>80,871</b>	<b>139,479</b>	<b>8,672,819</b>	<b>80,500</b>	<b>552,720</b>	<b>10,065,156</b>
<b>31<sup>st</sup> December 2022</b>							
<i>Cost/Valuation</i>	\$	\$	\$	\$	\$	\$	\$
January 1, 2022	2,074,143	851,621	3,509,361	4,546,742	210,000	2,208,132	13,399,999
Additions	374,859	82,708	106,867	16,000	-	-	580,434
Disposal	(83,654)	-	-	-	-	-	(83,654)
Adjustments	(61,616)	(3,556)	(35,060)	206	-	-	(100,026)
December 31, 2022	2,303,732	930,773	3,581,168	4,562,948	210,000	2,208,132	13,796,753
<i>Accumulated Depreciation</i>							
January 1, 2022	1,606,214	792,507	3,411,584	875,164	45,500	503,183	7,234,152
Charge for the year	203,693	11,413	50,578	11,034	42,000	995,133	1,313,851
Disposal	(83,143)	-	-	-	-	-	(83,143)
Adjustments	(38,783)	20,980	(25,611)	206	-	(24,533)	(67,741)
December 31, 2022	1,687,981	824,900	3,436,551	886,404	87,500	1,473,783	8,397,119
<b>Net Book Value 2022</b>	<b>615,751</b>	<b>105,873</b>	<b>144,617</b>	<b>3,676,544</b>	<b>122,500</b>	<b>734,349</b>	<b>5,399,634</b>

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR 31ST DECEMBER 2022

<b>13. Accounts payable and accruals</b>	<b>2023</b>	<b>2022</b>
	\$	\$
Sundry payables and accruals	<u>576,991</u>	<u>227,965</u>
<b>14. Lease Liabilities</b>	<b>2023</b>	<b>2022</b>
	\$	\$
Balance as at January 1	102,751	401,890
Addition to lease liabilities	591,244	-
Payment of lease liabilities	<u>(291,710)</u>	<u>(299,139)</u>
Balance as at December 31	<u>402,285</u>	<u>102,751</u>
	<b>2023</b>	<b>2022</b>
	\$	\$
Current	302,266	99,787
Non-current	<u>100,019</u>	<u>2,964</u>
	<u>402,285</u>	<u>102,751</u>
<b>15. Members' deposits</b>	<b>2023</b>	<b>2022</b>
	\$	\$
Members' Saving Deposits	18,964,693	18,025,652
Members' Fixed Deposits	-	971,155
Members' Christmas plans	<u>146,501</u>	<u>128,586</u>
	<u>19,111,194</u>	<u>19,125,393</u>
<b>16. Members- shares</b>	<b>2023</b>	<b>2022</b>
	\$	\$
An unlimited number of shares of \$20.00 each	<u>175,429,078</u>	<u>171,816,515</u>

The Capital of the Society consist of an unlimited number of shares of \$20.00 each. In accordance with International Financial Reporting Interpretation Committee (IFRIC-2), these are redeemable shares and have been treated as liabilities.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR 31<sup>ST</sup> DECEMBER 2023

**17. Investment re-measurement reserve**

Investments are recognized in the Statement of Financial Position at the market value. The carrying amounts of the Credit Union's Investment Revaluation Reserve at the end of the reporting period is as follows:

	2023	2022
	\$	\$
Opening balance	3,838,933	5,990,433
Net change in market value for the period	<u>(2,474,752)</u>	<u>(2,151,500)</u>
Ending balance	<u>1,364,181</u>	<u>3,838,933</u>

**18. Asset revaluation reserve**

	2023	2022
	\$	\$
Closing balance as at 31 <sup>st</sup> December	<u>3,619,110</u>	<u>-</u>

On November 7<sup>th</sup> 2023, the property at #101 Southern Main Road, California was revalued by independent professional valutors to \$6,000,000. The difference in revaluation of \$3,619,110 in relation to the property was accounted for in the 2023 period. This increase in carrying amount arising on revaluation was applied to the Asset Revaluation Reserve.

**19. Employees**

	2023	2022
The number of persons employed at year end	<u>40</u>	<u>34</u>

**20. Dividends**

Dividends are recommended by the Board of Directors and are subject to confirmation 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 3.6% of the average value of members' shares in issue throughout the year for the year ended 31<sup>st</sup> December, 2023. This dividend is projected to be \$6.2M (2022: 3% or \$5,058,080). The proposed dividend is subject to approval by the membership at the Annual General Meeting and have not been recorded as liabilities in these financial statements in accordance with IAS 10.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR 31<sup>ST</sup> DECEMBER 2023

**21. 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:

	2023	2022
<b>Due from directors and committee members</b>	<b>\$</b>	<b>\$</b>
Board of Directors	396,103	139,190
Supervisory committee	234,379	198,519
Credit Committee	<u>133,842</u>	<u>147,982</u>
	<u>764,324</u>	<u>485,691</u>
	<b>2023</b>	<b>2022</b>
<b>Due to directors and committee members</b>	<b>\$</b>	<b>\$</b>
Board of Directors	1,826,087	1,650,142
Supervisory committee	124,905	223,158
Credit Committee	<u>422,458</u>	<u>409,961</u>
	<u>2,373,450</u>	<u>2,283,261</u>

**22. Fair values**

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR 31<sup>ST</sup> DECEMBER 2023

**22. Fair values (continued)**

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

*a) Current assets and liabilities*

The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.

*b) Members' deposits*

Members' deposits bear interest at rates that are not significantly different from current rates and are assumed to have discounted cash flow values which approximate carrying values.

*c) Classification of financial instruments at fair value*

The society measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: Quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments. There were no transfers of financial instruments between levels during the year, neither were there any changes in the categorisation from the prior year.

*d) Members' Loans*

Loans are net of specific provisions for losses. These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values which are substantially in accordance with financial statement amounts.

*e) Investments*

The fair values of investments are determined on the basis of quoted market prices available at December 31, 2023.

SECU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR 31<sup>ST</sup> DECEMBER 2023

**23. Impact of COVID-19 Pandemic**

During fiscal 2023, there were no Government of Trinidad and Tobago imposed Covid-19 operating constraints which affected business operations. Additionally, in May 2023, the head of the UN World Health Organization (WHO) declared an end to COVID-19 as a public health emergency. Management is satisfied that no material uncertainty exists which may cast significant doubt on the Credit Union's ability to continue as a going concern.

**24. Subsequent events**

There are no subsequent events occurring after the statement of financial position date and before the date of approval of these financial statements by the directors that require adjustment to or disclosure in these financial statements.

**25. Approval of Financial Statements**

These financial statements were approved by the board of directors and authorised for issue on 29<sup>th</sup> April, 2024.





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