The Light & Power Employees Co-operative
Credit Union Limited
Report and Financial Statements
December 31st, 2023
(**Expressed in Barbados Dollars**)

DJC & Co.

Drayton J. Carter & Co.
Chartered Accountants
Bridgetown
Barbados

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Drayton J. Carter & Co.
Chartered Accountants

Independent Auditors' Report

To the Members of **The Light & Power Employees Co-operative Credit Union Limited**

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of **The Light & Power Employees Co-operative Credit Union Limited** (the "Society") which comprise the statement of financial position as at December 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Co-operative Societies Act and its accompanying regulations.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Society's financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 IFRS 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.

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Independent Auditors' Report (continued)
To the Members of **The Light & Power Employees Co-operative Credit Union Limited**

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

In preparing the financial statements, management is responsible for assessing the Society's stability 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 has 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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.
- 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 stability to continue as a going concern.

Independent Auditors' Report (continued)
To the Members of **The Light & Power Employees Co-operative Credit Union Limited**

Auditors' Responsibilities for the Audit of the Financial Statements

- 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 auditors' report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- 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.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter of when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Drayton J. Carter.

Drayton J Carter Co.

Drayton J. Carter & Co.

BARBADOS

April 23rd, 2024

The Light & Power Employees Co-operative Credit Union Limited
Statement of Financial Position
As of December 31, 2023

	Notes	2023 $	2022 $
Assets			
Cash and bank balances	4	7,819,343	5,977,268
Accounts receivable	5	541,644	415,238
Due from affiliate		-	9,561
Investments	6	24,985,716	25,361,625
Loans to members	7	28,868,187	27,813,394
Investment property	8	798,986	822,113
Property, plant and equipment	9	1,937,754	1,897,595
Total Assets		64,951,630	62,296,794
Liabilities and Members' Equity			
Accounts payable	10	1,074,909	1,167,299
Due to affiliate		1,228	-
Demand deposits	11	25,443,346	23,939,752
		26,519,483	25,107,051
Non-qualifying shares	12	28,455,676	27,807,617
Total Liabilities		54,975,159	52,914,668
Members' Equity (Pages 7 and 8)			
Equity shares		201,100	194,400
Statutory reserves		5,356,940	5,356,450
Other reserves		2,251,763	2,071,333
Undivided surplus		2,166,668	1,759,943
Total Members' Equity		9,976,471	9,382,126
Total Liabilities and Members' Equity		64,951,630	62,296,794

The attached notes form an integral part of these financial statements.

Approved by the Board on April 23rd, 2024 and signed on its behalf by:

_______________ **Director**

_______________ **Director**

The Light & Power Employees Co-operative Credit Union Limited
Statement of Income and Comprehensive Income
Year ended December 31, 2023

	Notes	2023 $	2022 $
Interest income			
Loan interest		2,206,740	2,043,545
Other interest		1,390	2,134
		2,208,130	2,045,679
Interest expense			
Interest on deposits		156,794	156,367
Interest on non-qualifying shares		274,325	267,374
		431,119	423,741
Net interest income		1,777,011	1,621,938
Other income			
Rental income		42,638	42,638
Dividends received		66,946	38,511
Investment income		539,031	461,563
Other income		29,108	17,535
Net income after interest expense		2,454,734	2,182,185
Expenses			
Staff cost (Schedule 1)		793,169	884,850
Operating and administrative (Schedule 1)		725,190	578,800
Depreciation	8 & 9	118,484	128,552
Membership security		220,768	214,066
Meetings		169,421	136,724
(Decrease)\ increase in loss allowance on investments	6	(1,900)	6,040
(Decrease) in provision for credit losses	7	(24,850)	(98,577)
Youth community and social outreach		9,802	5,248
Total other expenses		2,010,084	1,855,703
Net operating income for the year		444,650	326,482

The attached notes form an integral part of these financial statements.

The Light & Power Employees Co-operative Credit Union Limited
Statement of Income and Comprehensive Income
Year ended December 31, 2023

	Notes	2023 $	2022 $
Net operating income for the year		444,650	326,482
Items that will not be reclassified subsequently to profit and loss:			
Fair value gain on investments in equity instruments designated as at FVTOCI	6	180,430	33,302
Other comprehensive income for the year		180,430	33,302
Total comprehensive income for the year		625,080	359,784

The attached notes form an integral part of these financial statements.

The Light & Power Employees Co-operative Credit Union Limited
Statement of Changes in Members' Equity
Year ended December 31, 2023

		Equity Shares	Statutory Reserve	Other Reserves	Undivided Surplus	Total
Balance at January 1, 2022	$	192,100	5,356,195	2,038,031	1,471,256	9,057,582
Net operating income		-	-	-	326,482	326,482
Other comprehensive gain		-	-	33,302	-	33,302
Net increase in share capital		2,300	-	-	-	2,300
Entrance fees & fines		-	255	-	-	255
Dividends paid		-	-	-	(37,795)	(37,795)
Balance at December 31, 2022	$	194,400	5,356,450	2,071,333	1,759,943	9,382,126
Balance at January 1, 2023		194,400	5,356,450	2,071,333	1,759,943	9,382,126
Net operating income		-	-	-	444,650	444,650
Other comprehensive gain		-	-	180,430	-	180,430
Net increase in share capital		6,700	-	-	-	6,700
Entrance fees & fines		-	490	-	-	490
Dividends paid		-	-	-	(37,925)	(37,925)
Balance at December 31, 2023	$	201,100	5,356,940	2,251,763	2,166,668	9,976,471

The attached notes form an integral part of these financial statements.

The Light & Power Employees Co-operative Credit Union Limited
Statement of Changes in Members' Equity
December 31, 2023

	2023 $	2022 $
Other reserves comprise:		
Fair value reserves	2,251,763	2,071,333
	========	========

The attached notes form an integral part of these financial statements.

The Light & Power Employees Co-operative Credit Union Limited
Statement of Cash Flows
Year ended December 31, 2023

	2023 $	2022 $
Cash flows from operating activities		
Net operating income for the year	444,650	326,483
Adjustments for non-cash income and expenses		
Depreciation	118,484	128,552
(Gain)/ loss on disposal of asset	(20)	5,297
Change in provision for credit losses	(24,850)	(98,577)
Loss allowance on impairment of financial assets	(1,900)	6,040
Changes in operating assets and liabilities:		
Increase in accounts receivable	(126,406)	(49,217)
Increase \(decrease) in amounts due to affiliate	10,789	(9,561)
Decrease in accounts payable	(92,390)	(3,003)
Net cash from operating activities	328,357	306,014
Cash flows from investing activities		
Loans to members	(1,029,943)	(600,723)
Decrease \(increase) in investments	558,239	(4,195,196)
Additions to property and equipment	(135,516)	(21,424)
Proceeds from sale of fixed asset	20	-
Net cash used in investing activities	(607,200)	(4,817,343)
Cash flows from financing activities		
Members' deposits	1,503,594	539,076
Non-qualifying shares	648,059	533,278
Share capital	6,700	2,300
Dividends paid	(37,925)	(37,795)
Entrance fees and fines	490	255
Net cash from financing activities	2,120,918	1,037,114
Net increase/(decrease) in cash and cash equivalents	1,842,075	(3,474,215)
Cash and cash equivalents, beginning of year	5,977,268	9,451,483
Cash and cash equivalents, end of year	7,819,343	5,977,268

1. Registration and Principal Activity:

The Light & Power Employees Co-operative Credit Union Limited was registered on January 11, 1984 and continued under the Co-operative Societies Act 1990-23. The Credit Union exists principally to promote the economic interest of its members in accordance with co-operative principles.

2. Accounting policies

Basis of preparation

These financial statements are stated in Barbados Dollars and have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention except for items caried at fair value.

New standards, amendments and interpretations mandatory for the first time for the financial year

A number of new standards, amendments to standards and interpretations became effective during the current period but these did not have a material effect on the Society's financial statements. They are as follows:

- Amendments to IAS 1 - Classification of liabilities as current or non-current - effective January 1, 2023.
- Definition of Accounting Estimate (Amendments to IAS 8) - effective January 1, 2023.
- Income Tax Deferred Tax related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12) - effective January 1, 2023.
- IFRS 17 Insurance Contracts IFRS 17 Insurance Contracts (IFRS 17) is effective 1 January 2023.

Financial instruments

Financial assets and financial liabilities are recognized on the statement of financial position of the Society when it becomes a party to contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction cost that are directly attributable to the acquisition or issue of financial assets or liabilities are added or deducted from the fair value of the of the financial asset as appropriate on initial recognition.
Transaction cost directly attributable to the acquisition of the financial asset or liability at fair value through profit and loss are recognized immediately in profit and loss.
All regular way purchases or sale of financial assets are recognized or derecognized on a trade date basis.
All recognised financial assets are measured subsequently in their entirety at amortised cost or fair value depending on the classification of the financial asset.

2. Accounting policies *(continued)*

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held with the business model whose objective is to hold the financial asset to collect contractual cash flows; and
- The contractual terms of the asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(1) <u>Amortised cost and effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective rate of interest to the gross carrying amount of the financial asset.

(2) <u>Equity instruments designated at FVTOCI</u>

On initial recognition, the Society may make an irrevocable election (on an instrument – by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Society manages together and has evidence of a recent actual pattern of short-term profit taking.

2. Accounting policies *(continued)*

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit and loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Society has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the asset's gross carrying amount as at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Society in accordance with the contract and all cash flows that the Society expects to receive discounted at the original effective interest rate.

If the Society has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines the current reporting date that the conditions for lifetime ECL are no longer met, the Society measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Society recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment in the carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserves, and does not reduce the carrying amount of the financial asset in the statement of financial position.

De-recognition of financial assets

The Society de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another entity.

2. Accounting policies *(continued)*

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment, excluding land, is provided over the estimated lives of the respective assets on the straight-line basis.

The annual depreciation rates are applicable:-

Building	2%
Furniture and equipment	10%
Computer system	25%
Motor vehicle	20%

Impairment of assets

At each reporting date fixed and other assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected assets or group of assets is estimated and compared with their carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the income statement.

Entrance fees

Entrance fees and fines are credited directly to the Statutory Reserves.

Corporation Tax

The Credit Union is exempt from taxation under Section 9(g) of the Income Tax Act of Barbados, Chapter 73.

Group pension plan

The Society has established a group pension plan termed a “Defined Contribution Plan” on behalf of its permanent employees. All pension cost in relation to this scheme is expensed when incurred in accordance with IAS 19.

Foreign currency transactions

Foreign currency transactions completed during the year are recorded at the actual rates of exchange prevailing at the dates of such transactions.

Investment property

Investment property comprises land and buildings owned but not occupied by the Credit Union and held to earn rental income or held for capital appreciation with possible future development potential. Investment property is recognized at cost. Depreciation on buildings is provided over the estimated lives of the assets on the straight-line basis at 2% per annum. Transfers to or from investment property are recorded when there is a change in the use of the property. If an investment property becomes owner occupied, it is reclassified as property, plant and equipment. If any action is taken to develop or sell investment property it is classified as development property.

Rental income from investment property is recognized on the accrual basis.

2. Accounting policies *(continued)*

Revenue recognition
Revenue is recognized on the accrual basis to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be measured reliably.

Related parties
Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individual or corporate entities.

3. Critical accounting judgements and key sources of estimation

In the applications of the Society's accounting policies, which are described in note 2, the board of directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is expected to affect only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Society's accounting policies
The following are the critical judgements, apart from those involving estimates (which are dealt with separately below), that the board of directors has made in the process of applying the Society's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

- Business model assessments: Classification and measurement of financial assets depends on the results of the society for the purpose of principal and interest (SPPI) and the business model test. The society determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgements reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risk that affect the performance of the assets and how they are managed and how the managers of the assets are compensated. The Society monitors the financial assets measured at amortised cost or fair value through other comprehensive income that are de-recognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the assets are held. Monitoring is part of the Society's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate

2. Accounting policies *(continued)*

whether there has been a change in business model and so a prospective change to the classification of those assets.

- Significant increase of credit risk: Expected credit losses (ECL) are measured as an allowance equal to 12-months ECL for stage 1 assets, or lifetime ECL for stage 2 and stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitute a significant increase in risk. In assessing whether the credit risk of an asset has significantly increased the society takes into account qualitative and quantitative reasonable and forward looking information.

- Models and assumptions used: The Society uses various models and assumptions in measuring fair value of financial assets as well as estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

3. Critical accounting judgements and key sources of estimation *(continued)*

Key sources of estimation

The following are key estimations that the board of directors has used in the process of applying the Society's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

- Establishing the number and relative weightings for forward-looking scenarios for each type of the product/market and determining the forward looking information relevant to each scenario: When measuring ECL the Society uses reasonable and forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

- Probability of default (PD): PD constitutes a key input in measuring ECL. PD is an estimate of the probability of default over a given time horizon, the calculation includes historical data, assumptions and expectations of future conditions.

- Loss given default (LGD): LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

- Fair value measurement and valuation process: In estimating the fair value of a financial asset or a liability, the Society uses market-observable data to the extent that it is available. Where such level 1 inputs are not available, the Society uses valuation models to determine the fair value of its financial instruments.

4. Cash and bank balances

		2023	2022
Cash holdings	$	158,795	176,565
Savings account		6,582,303	4,174,687
Current account		1,078,245	1,626,016
	$	7,819,343	5,977,268

The Society earned interest on its RBBL savings account at 0.0125% (2022: 0.0125%) during the financial year.

5. Accounts receivable

	2023 $	2022 $
Trade receivables and accrued interest	242,663	139,327
Prepayments	77,572	92,270
Rent receivable	17,139	17,714
VAT refundable	204,270	165,927
	541,644	415,238

6. Investments

	2023 $	2022 $
Investments in equity instruments designated as at FVTOCI		
Barbados Co-operative and Credit Union League Ltd.	59,370	59,370
Cable & Wireless (Barbados) Ltd- 33,360 shares	76,394	76,394
Co-operators General Insurance Co. Ltd. (5,758 shares)	2,299,572	2,214,412
Co-operators General Management Co. Inc. (4,933 shares)	974,712	960,525
Insurance Corporation of Barbados (50,000 shares)	92,500	89,000
Sagicor Select Growth Fund	574,854	526,896
Sagicor Preferred Income Fund	267,689	254,398
Sagicor Global Balance Fund	558,170	519,766
	4,903,261	4,700,761
Investment assets measured at amortised cost		
Government of Barbados bonds series B	8,146,404	8,826,658
Term deposits	11,919,847	11,768,620
Mortgage loan	148,390	199,672
	20,214,641	20,794,950
Loss allowance	(132,186)	(134,086)
	20,082,455	20,660,864
Total Investments	24,985,716	25,361,625

6. Investments (continued)

The Society adjusted the carrying value of its shares in Co-operators General Management Co. Inc. and Co-operators General Insurance Co. Ltd. to reflect the share value resulting from a valuation commissioned by the investee companies, resulting in an unrealised gain as noted below:

	Fair value Dec 31, 2022	Shares acquired	Unrealised gain/(loss)	Fair value at Dec 31, 2023
Co-operators General Management Co. Inc.	960,525	18,020	(3,833)	974,712
Co-operators General Insurance Co. Ltd.	2,214,412	-	85,160	2,299,572
Insurance Corporation of Barbados	89,000	-	3,500	92,500
Barbados Co-operative & Credit Union League Ltd.	59,370	-	-	59,370
Cable & Wireless (Barbados) Ltd	76,394	-	-	76,394
Sagicor Select Growth fund	526,896		47,958	574,854
Sagicor Global Balance fund	519,766		38,404	558,170
Sagicor Preferred Income Fund	254,398	4,050	9,241	267,689
Total	**4,700,761**	**22,070**	**180,430**	**4,903,261**

6. Investments (continued)

During the year ended 31 December 2018, the Government of Barbados offered to exchange treasury notes and debentures and debentures totaling $8,933,250 and interest of $61,841 for eleven (11) series B amortising strips with maturities of 5,6,7,8,9,10,11,12,13,14 and 15 years.

The interest rates are as follows:

Issuance through year 3	1.0%
Year 4	2.5%
Year 5 –maturity	3.75%

Interest will be paid quarterly and the principal of each strip will be repaid in four equal quarterly installments beginning one year prior to the final maturity of the strip.

The allocation of aggregate principal amount among strips are as follows:

5-Year: 7.49%	11-Year: 9.37%
6-Year: 7.78%	12- Year: 9.72%
7-Year: 8.07%	13- Year: 10.10%
8-Year: 8.38%	14- Year 10.48%
9-Year: 8.70%	15- Year 10.88%
10- Year: 9.03%	

Impairment of investments measured at amortised cost

In determining the credit losses for the Government of Barbados bonds, the board has determined that there has been no significant increase in credit risk between the acquisition and the reporting date. As a result the loss allowance has been measured at an amount equal to 12 months expected credit losses.

The following table show the movement in expected credit losses that have been recognized for financial assets amortised at cost and loans and receivables:

Investments

	12-month Expected Credit Losses		*Lifetime Expected Credit Losses*	
	Term Deposits $	**Govern-ment Bonds-Other $**	**Loans to other enti-ties $**	**Total $**
Balance as at 31 December 2021	48,522	78,707	817	128,046
Increase (decrease) in allowances	37,462	(31,264)	(158)	6,040
Balance as at 31 December 2022	85,984	47,443	659	134,086
Increase (decrease) in allowances	1,925	(3,656)	(169)	(1,900)
Balance as at 31 December 2023	87,909	43,787	490	132,186

7. Loans to members

		2023	2022
Loan portfolio	$	29,281,420	28,251,477
Expected credit losses		(413,233)	(438,083)
	$	28,868,187	27,813,394

	12-month Expected Credit Losses **Loans to members $**	***Lifetime Expected Credit Losses*** **Loans to members $**	**Total $**
Balance as at 31 December 2021	113,866	422,794	536,660
(Decrease)\ increase in allowances	(28,038)	(70,539)	(98,577)
Balance as at 31 December 2022	85,828	352,255	438,083
Increase\(decrease) in allowance	7,482	(32,332)	(24,850)
Balance as at 31 December 2023	93,310	319,923	413,233

The Society offers ordinary loans to members at rates varying from 5% to 8% (2022: 5% to 10%) per annum. The rate of interest on unsecured loans ranges from 12% to 15%. The maximum loan limit is 10% of the entity's equity base. A line of credit facility is also in place offering members revolving credit up to $25,000 (2022: $25,000) at the interest rate of 15% (2022: 15%) per annum. Interest charged by the Society is computed on the reducing balance basis.

8. Investment property

		2023	2022
Cost			
Balance at start	$	1,367,955	1,367,955
Balance at end		1,367,955	1,367,955
Depreciation			
Balance at start		545,842	522,715
Additions		23,127	23,127
Balance at end		568,969	545,842
Net book value	$	798,986	822,113

Direct rental income from investment property	$	42,638	42,638
Operating expenses		(40,951)	(36,419)
Net profit on investment property	$	1,687	6,219

Investment property shown at the net cost of $798,986 (2022: $822,113) as at December 31, 2023 has a current valuation of $ 2,200,000 as determined by the Barbados Revenue Authority. The appraisal excess of $1,401,014 is not accounted for in these financial statements.

9. Property, plant & equipment

2023	Total $	Land & Buildings $	Furniture & Equip. $	Computer Equip. $	Motor Vehicle $
Cost					
Balance at start	3,408,596	2,761,845	262,590	342,161	42,000
Additions	135,516	-	124,170	11,346	-
Disposals	-	-	-	-	-
Balance at end	3,544,112	2,761,845	386,760	353,507	42,000
Depreciation					
Balance at start	1,511,001	1,000,207	185,565	283,229	42,000
Additions	95,357	46,083	16,427	32,847	-
Disposals	-	-	-	-	-
Balance at end	1,606,358	1,046,290	201,992	316,076	42,000
Dec 31, 2023	**1,937,754**	**1,715,555**	**184,768**	**37,431**	**-**

9. Property, plant & equipment *(continued)*

2022	**Total** $	**Land & Buildings** $	**Furniture & Equip.** $	**Computer Equip.** $	**Motor Vehicle** $
Cost					
Balance at start	3,399,629	2,761,845	260,782	335,002	42,000
Additions	21,424	-	2,292	19,132	-
Disposals	(12,457)	-	(484)	(11,973)	-
Balance at end	3,408,596	2,761,845	262,590	342,161	42,000
Depreciation					
Balance at start	1,412,736	954,124	169,406	247,206	42,000
Additions	105,425	46,083	16,485	42,857	-
Disposals	(7,160)	-	(326)	(6,834)	-
Balance at end	1,511,001	1,000,207	185,565	283,229	42,000
Dec 31, 2022	**1,897,595**	**1,761,638**	**77,025**	**58,932**	**-**

Lands and buildings shown at the net cost of $1,715,555 (2022: $ 1,761,638) as at December 31, 2023 have a current valuation of $ 4,500,000 as determined by the Barbados Revenue Authority. The appraisal excess of $ 2,784,445 is not accounted for in these financial statements.

10. Accounts payable

		2023	**2022**
Trade payables	$	132,760	74,372
Interest payable		189,516	175,317
Non-members payables		675,383	791,571
Members clearing		58,668	104,017
National insurance payable`		10,289	10,901
PAYE payable		8,293	11,121
	$	1,074,909	1,167,299

11. Demand deposits

		2023	2022
Savings deposits	$	19,879,324	17,736,292
Term deposits		146,395	117,655
Fixed deposits		5,417,627	6,085,805
		-------------	-------------
	$	25,443,346	23,939,752
		========	========

Interest paid on deposits varied between 0.35% and 1.35% per annum (2022: 0.35% and 1.35%).

12. Non-qualifying shares

International Accounting Standard (IAS) 32 requires that shares capable of being withdrawn from the credit union be classified as liabilities and payments to members based on these shares be classified as an interest expense and presented as a charge in arriving at net surplus. The Co-operatives Societies Regulations, 2008 at section 32, set a minimum value for qualifying shares to be shown as equity of $50. The Society at its Special General Meeting held on September 24, 2008 approved its minimum amount for qualifying shares at $100.

13. Commitments

Commitments in respect of loans approved but not disbursed as at December 31, 2023 were $ 2,052,201 (2022: $1,828,740).

14. Financial instruments and risk management

Financial risk factors

The Society's activities expose it to a variety of financial risk: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

Market risk

The Society takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates.

14. Financial instruments and risk management (continued)

Currency risk
Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Concentrations of currency risk
The Society provides all its services to members in the Island of Barbados and has limited exposure to foreign currency risk.

Interest rate risk
Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Due to the nature of the Society's business there is a significant exposure to interest rate risk.

Credit risk
Credit risk arises from the possibility that counter-parties may default on their obligations to the Society. Credit exposures arise principally from loans, amount due from affiliate, receivables and cash held with financial institutions.

Maximum exposure to credit risk

		2023	2022
Bank balances	$	7,819,343	5,977,268
Accounts receivable		541,644	415,238
Due from affiliates		-	9,561
Investments		24,985,716	25,361,625
Loans to members - net		28,868,187	27,813,393
	$	62,214,890	59,577,085

Liquidity risk
Liquidity risk is the risk that the Society is unable to meet its payment obligations associated with its financial liabilities when they fall due.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature, are important factors in assessing the liquidity of the Society and its exposure to changes in interest rates and exchange rates.

The table below summarises the Society current financial liabilities at December 31, 2023 based on contractual undiscounted payments.

14. Financial instruments and risk management (continued)

		2023	2022
Accounts payable	$	1,074,909	1,167,299
Due to affiliate		1,228	-
Demand deposits		25,443,346	23,939,752
		26,519,483	25,107,051
Non-qualifying shares		28,455,676	27,807,617
Total liabilities	$	54,975,159	52,914,668

Fair value
Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. Fair value of financial instruments is assumed to approximate their carrying values.

15. Change in policy on revenue recognition

During the current financial year ended 31 December 2023, the Society changed the accounting policy relating to the recognition of loan interest income from a cash received basis to the accrual basis. The previous year's comparative information was not restated as the impact of this change is not material.

The Light & Power Employees Co-operative Credit Union Limited
Details of Operating and Administrative Expenses
December 31, 2023 (Schedule 1)

		2023	2022
Staff cost			
Salaries and wages	$	655,901	739,516
National insurance		60,752	66,233
Pension fund		38,007	29,945
Medical insurance		13,431	11,616
Staff well-being		12,031	14,028
Education/training		11,233	17,384
Group life insurance		1,104	1,104
Uniforms		710	5,024
	$	793,169	884,850
Number of employees		10	10
Office expenses			
Stationery, office expenses and advertising	$	199,611	173,807
Utilities		25,612	24,651
Cleaning		18,718	13,687
Insurance		12,925	12,976
Security		8,406	9,252
	$	265,272	234,373
Property management			
Repairs and maintenance	$	60,691	36,425
Land tax		57,014	57,610
Insurance		18,965	19,031
Utilities		3,093	3,172
	$	139,763	116,238
Motor vehicle expenses	$	5,309	4,323

The Light & Power Employees Co-operative Credit Union Limited
Details of Operating and Administrative Expenses
December 31, 2023 (Schedule 1)

		2023	2022
Other administrative expenses			
Professional fees		115,006	55,500
Audit fees		44,800	36,400
League dues		43,691	42,844
General expenses		34,711	23,063
Regulatory fees		31,037	30,014
Strategic planning		15,373	-
Bank charges		8,243	8,707
Education fund		6,530	6,477
Member relations		6,159	8,094
Donation and subscriptions		3,239	3,936
Fines		43	2,500
(Gain)/loss on disposal of fixed assets		(20)	5,297
	$	314,846	223,866
Total operating and administrative expenses	$	725,190	578,800