FINANCIAL REPORT

2013

PSCU CREDIT UNION
CO-OPERATIVE SOCIETY LTD

"On us you can Rely"

PSCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31st DECEMBER 2013

CREDIT UNION			GROUP	
2012	2013	Cash Flows from Operating Activities	2013	2012
1,373,820	4,982,022	Net Surplus for the Year	5,431,613	2,222,798
		Non-Cash Adjustments:		
1,154,303	1,192,747	Depreciation	1,600,470	1,606,595
278,412	1,078,486	Loan Loss Expense	1,078,486	278,412
-	580,593	Prior Year Adjustment	-	-
2,806,535	7,833,848		8,110,569	4,107,805
(216,508)	115,403	Net Change in Accounts Receivable and Prepayments	919,514	(1,040,505)
(67,648)	(4,001)	Net Change in due to/from Subsidiary	-	(156,821)
695,399	174,251	Net Change in Accounts Payable and Accruals	127,387	787,284
-	-	Taxation Paid	(10,430)	(8,395)
3,217,778	**8,119,501**	**Net Cash Flow from Operating Activities**	**9,147,040**	**3,689,368**
		Cash Flows from Investing Activities		
92,500	(581,119)	Net Change in Investment Property	(581,119)	92,500
7,749,694	10,583,503	Net Change in Other Investments	10,583,503	7,749,694
(25,299,240)	(29,046,006)	Net Change in Loans to Members	(29,046,006)	(25,299,240)
(3,799,122)	(428,938)	Net Change in Fixed Assets	(428,938)	(3,799,122)
(21,256,168)	**(19,472,560)**	**Net Cash Flow from Investing Activities**	**(19,472,560)**	**(21,256,168)**
		Cash Flows from Financing Activities		
(2,827,161)	(1,947,156)	Dividends and Honoraria	(1,947,156)	(2,827,161)
5,000,000	-	Net Change in Loans	(1,282,612)	3,999,385
12,961,254	14,132,542	Net Change in Members' Shares	14,132,542	12,961,254
3,748,213	5,332,596	Net Change in Members' Deposits	5,332,596	3,748,213
18,882,306	**17,517,982**	**Net Cash Flow from Financing Activities**	**16,235,370**	**17,881,691**
843,916	6,164,923	Net Change in Cash Resources	6,490,443	314,891
5,925,220	6,769,136	Net Cash Resources – at beginning of year	6,795,185	6,480,294
$6,769,136	**$12,934,059**		**$13,285,628**	**$6,795,185**
		Represented By		
567,900	3,113,127	Cash in Hand and at Bank	3,464,696	597,692
7,000,142	9,820,932	Short Term Investments	9,820,932	7,000,142
(798,906)	-	Bank Overdraft	-	(802,649)
$6,769,136	**$12,934,059**		**$13,285,628**	**$6,795,185**

SIGNIFICANT ACCOUNTING POLICIES — 31st DECEMBER 2013

(a) Basis of Financial Statements Preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars. These financial statements are stated on the historical cost basis, as modified by the revaluation of investment securities in accordance with the Co-operative Societies Act 1971.

(b) Use of Estimates

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Society's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(c) Adoption of New and Revised IFRSs and IFRICs

The Society adopted all the new and revised International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations (IFRICs) which are relevant to its operations and are effective for accounting periods commencing on or before 1st January 2012. The adoption of these Standards did not have a material effect on the financial statements

(d) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and include improvements that significantly add to productive capacity or extend the useful life. Cost of maintenance and repairs are charged to expenses.

Upon retirement or disposal of assets, the cost and related depreciation are removed from the accounts and the gain or loss, if, any, is reflected in the earnings for the year.

Depreciation is provided on the diminishing balance method, so as to write the assets off over their estimated useful lives.

The rates used are:

Freehold Building	-	2%
Building Improvements	-	5 – 10%
Furniture and fixtures	-	10-25%
Office equipment	-	2½ - 25%
Air Condition Units	-	10%
Computer Equipment	-	10 - 25%
Motor Vehicles	-	5 - 20%
Library	-	5%

The assets' residual values and useful lives are reviewed at each balance sheet 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.

(e) **Investments**

The Society has classified all investments into the following category:

Available for Sale

These securities are intended to be held for an indefinite period of time but may be sold in response to the needs for liquidity or changes to interest rates, exchange rates or equity prices

Available for sale investments are subsequently carried at fair value with unrealized gains or losses (arising from changes in the fair value) recognized directly to equity in the period in which they arise until the financial asset is disposed of, at which time the cumulative gain or loss previously recognized in equity is included in the income statement.

All purchases and sales of investments are recognized on the trade date, which is the date that the Credit Union commits to purchase or sell the asset. Cost of purchase includes transaction costs. For actively traded investments, fair value is determined by reference to the Stock Exchange quoted market prices at the balance sheet date, adjusted for transaction costs necessary to realize the investment. For investments where there is no quoted market price, the carrying value is deemed to approximate fair value.

(f) **Financial Instruments**

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognized on the Society's balance sheet when the Society becomes a party to the contractual provisions of the instrument.

Financial Assets

All regular purchases and sales of financial assets are recognized or derecognized on the trade date i.e. the date on which the Society commits itself to purchase or sell an asset. A regular purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

When financial assets are recognized initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the assets.

Financial assets are derecognized when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

Financial Liabilities

When financial liabilities are recognized initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortized cost using the effective interest method.
Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognized in the Statement of Income.

Cash and cash equivalents

Cash and cash equivalents consist of cash at the bank together with cash held on hand.

(i) **Comparative Figures**

Certain changes in the presentation have been made during the year and comparative figures have been restated accordingly.

(j) **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 equity investments, government securities and on-lending to members at higher interest rates.

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:

(a) **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.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

(b) **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 balance sheet date. The Society 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 Society's lending philosophy; provide policy guidelines to the team members involved 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 Society'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.

Cash balances are held with high credit quality financial institutions and the Society has policies to limit the amount of exposure to any single financial institution.

The Society also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

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(c) **Liquidity Risk:**

Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Society has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The Society is able to make daily calls on its available cash resources to settle financial and other liabilities.

Risk Management

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Society. The Society employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Society's assets as well as generating sufficient cash from new and renewed members' deposits and shares.

To manage and reduce liquidity risk the Society's management actively seeks to match cash inflows with liability requirements.

(d) **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 recognized assets and liabilities are denominated in a currency that is not the Society's measurement currency. The Society 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.

(e) **Operational Risk:**

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

(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 the supervision applied by the Inspector of Financial Institutions at the Central Bank of Trinidad and Tobago, as well as by the monitoring controls applied by the Society.

(g) **Reputation Risk:**

The risk of loss of reputation arising from the negative publicity relating to the Society'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 engages in public social endeavours to engender trust and minimize this risk.

(k) **Critical Accounting Estimates and Judgments:**

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make its judgments, estimates and assumptions in the process of applying the Society's accounting policies.

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 Society 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 recognized in the statement of 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 judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements, are as follows:

(i) Whether investments are classified as held to maturity investments, available for sale or loan and receivables.

(ii) Which depreciation method for plant and equipment is used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date (requiring management's most difficult, subjective or complex judgments) 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:

(iii) **Impairment of Assets**

Management assesses at each balance sheet date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

(iv) **Plant and Equipment**

Management exercises judgment in determining whether future economic benefits can be derived from expenditures to be capitalized and in estimating the useful lives and residual values of these assets.

(l) **DIVIDEND EQUALISATION FUND**

This fund was set up to provide a reserve for the payments of dividends.

(m) **DIVIDENDS**

The Board of Directors has proposed a dividend of 2.5% for the year ended 31st December 2013 (1.25% - 2012). This is subject to approval by the membership of the Society at the Annual General Meeting and has not been recorded as a liability in the financial statements in accordance with IAS #10.

(n) **COMMITMENTS AND CONTINGENCIES**

In accordance with the industrial agreement between the Society and the Bank and General Workers Union, the Society is contingently liable for termination benefits of approximately $2,228,041 (2012 - $2,273,977). There was a change of approximately $45,936 during the year ended 31st December 2013 as a result of changes to the composition of the existing staff. The balance of the Severance Fund at 31st December 2013 was $ 2,228,041 (2012 - $2,273,977).

(o) **TAXATION**

The Credit Union is not taxable.

NOTES TO THE FINANCIAL STATEMENTS 31st DECEMBER 2013

1. REGISTRATION AND OBJECTIVES

The Society is registered under the Co-Operative Societies Act Ch. 81:03. Its objectives are to promote economic welfare to its members, self-help and co-operation and to promote the development of co-operative ideas. The Credit Union changed its name from Public Services Credit Union Co-operative Society Limited to PSCU Credit Union Co-operative Society Limited on November 8th 2011.

2. CASH IN HAND AND AT BANK

CREDIT UNION			GROUP	
2012	2013		2013	2012
248,529	314,477	Cash in Hand	314,977	249,029
		RBC Royal Bank of T & T Limited:		
67,200	67,200	US$ Account	67,200	67,200
252,171	2,731,450	Current Account	2,937,978	252,171
-	-	Intercommercial Bank	144,541	29,292
$567,900	$3,113,127		$3,464,696	$597,692

3 SHORT TERM INVESTMENTS

2012	2013		2013	2012
35,522	(195,118)	Intercommercial Bank Limited	(195,118)	35,522
		Trinidad and Tobago Unit Trust Corporation		
3,886,945	6,889,061	TT$ Account	6,889,061	3,886,945
251,670	254,017	US$ Account	254,017	251,670
295,166	300,066	RBC Royal Bank of T & T Ltd	300,066	295,166
110	110	Eastern Credit Union	110	110
2,530,729	2,572,796	Guardian Asset Management	2,572,796	2,530,729
$7,000,142	$9,820,932		$9,820,932	$7,000,142

4. ACCOUNTS RECEIVABLE AND PREPAYMENTS

135,538	602,929	Payroll Deductions	602,929	135,538
2,471,157	1,325,912	Interest Receivable	1,325,912	2,471,157
305,547	284,691	Prepayments	308,577	349,368
(1,366,266)	(782,959)	Other Receivables	(327,880)	(127,011)
$1,545,976	$1,430,573		$1,909,538	$2,829,052

NOTES TO THE FINANCIAL STATEMENTS CONTIINUED — 31st DECEMBER 2013

5. DUE FROM SUBSIDIARY

	2013	2012
PSCU Property Management Company	$3,062,347	$3,068,538
Represented By:		
Business Levy Payable - Quarter 4 2012	1,545	1,545
Green Fund Levy Payable – Quarter 4 2012	772	772
Amount owed by PML to PSCU at year end 2012/11	4,156,829	4,248,321
Amount owed by PSCU to PML at year end 2012/11	(1,090,607)	(1,090,607)
VAT Payment on behalf of PML for the month ending January 2013	57,069	-
VAT Payment on behalf of PML for the month ending March 2013	90,880	-
Invoice for Branch Renovations/Insurances	(1,037,630)	47,009
Part Payment to PML/to PSCU on Renovations Invoice	500,000	(150,000)
Vat Payment on behalf of PML for the month ending May 2013	55,575	-
Part Payment to PML on Renovations Invoice / Valuations	75,000	11,500
Part Payment to PML on Renovations Invoice	197,027	-
Insurance Payment for Motor Vehicles	40,235	-
Insurance cheque collected	15,652	-
	$3,062,347	$3,068,538
Investment in Subsidiary	$3,000,000	$2,989,806
	$6,062,347	$6,058,346

This represents the amount receivable from PSCU Property Management Limited.

6. LOANS TO MEMBERS

Loans to members are stated at principal outstanding net of a provision for doubtful debts. The provision is based on the Board's evaluation of the loan portfolio under current economic conditions and past loan loss experience.

CREDIT UNION			GROUP	
2012	2013		2013	2012
182,124,378	210,841,726	Loans – Principal Balances	210,841,726	182,124,378
(3,974,709)	(5,053,195)	Less: Provision for Loan Losses	(5,053,195)	(3,974,709)
-	328,658	Staff Loans	328,658	-
$178,149,669	$206,117,189		$206,117,189	$178,149,669

7. (a) OTHER INVESTMENTS

2012	2013	SHARES	2013	2012
49,669	78,643	National Flour Mills Limited	78,643	49,669
25,000	25,000	Central Finance Facility Co-Operative Society Limited	25,000	25,000
-	304,612	First Citizens Bank Investments – IPO	304,612	-
		FIXED DEPOSITS/MUTUAL FUNDS		
87,584	67,592	Praetorian Property Mutual Fund	67,592	87,584
142,829	153,539	Trinidad and Tobago Unit Trust Corporation Chaconia Fund	153,539	142,829
292,544	316,294	Trinidad and Tobago Unit Trust Corporation	316,294	292,544
4,250,000	-	Colonial Life Insurance Company (Trinidad) Limited	-	4,250,000
3,000,000	-	Central Finance Facility Co-Operative Society Limited	-	3,000,000
3,500,000		British American Insurance Company Limited	-	3,500,000
$11,347,626	$945,680		$945,680	$11,347,626

7. (b) CLICO and British American – Other Investments - $945,680

On January 30th 2009 the Ministry of Finance (MOF) and the Central Bank of Trinidad and Tobago announced that the Government of the Republic of Trinidad and Tobago (GORTT) had reached an agreement with the CL Financial Limited Group for the provision of a package of financial support for the Group's financial services companies. These companies included Colonial Life Insurance Company Limited (CLICO), Caribbean Money Market Brokers Limited (CMMB) and British American Insurance Company (Trinidad) Limited (BAT).

Subsequently to this the Minister of Finance stated that GORTT would repay local investors of short term investment products (STIPS) in CLICO and BAT their principal balances (that is the capital sum) as at the issue date or last renewal date, minus any capital withdrawals or loans made prior to September 8th 2010. A similar guarantee was not made for interest accrued on the principal balances.

In light of the foregoing, the PSCU Credit Union Co-operative Society Limited has not accrued interest on the principal balances. This is in accordance with International Accounting Standards 39, Financial Instruments: Recognition and Measurement.

On February 28th 2012 the PSCU Credit Union Co-operative Society Limited signed a deed of assignment and declaration of trust (institutional investors) with CLICO and the institutional investors for payment of the full amount of capital sum of all short term investments over a period of two years in two tranches representing fifty percent (50%) of the said principal balances in each year.

During the financial year 2013 all principal invested in the above CLICO related funds were received.

Fixed Deposits:		2013	2012
CLICO GAP	$1,000,000	-	500,000
CLICO EFPA11 – C.O.R.E.	$1,000,000	-	500,000
CLICO EFPA11 – C.O.R.E.	$3,000,000	-	1,500,000
CLICO GAAP	$1,000,000	-	500,000
CLICO GAAP	$1,000,000	-	500,000
CLICO GAAP	$1,500,000	-	750,000
	$8,500,000	$-	$4,250,000

The Central Finance Facility		
CLICO POOLDeposit No. 2	-	500,000
CLICO POOLDeposit No. 4	-	1,000,000
CLICO POOLDeposit No. 2	-	500,000
CLICO POOLDeposit No. 4	-	1,000,000
	$-	$3,000,000

8. PROPERTY PLANT & EQUIPMENT

CREDIT UNION	Freehold Land	Building	Building Improvements	Furniture Fixtures and Fittings	Office Equipment	Air-Condition Units	Computer Equipment	Motor Vehicles	Library	Total
Cost										
At 1st January 2013	-	17,200,000	4,501,944	1,049,835	529,105	199,944	3,846,064	-	41,357	27,368,249
Additions	3,200,000	-	-	25,988	633	-	402,317	-	-	3,628,938
Disposals	-	(3,200,000)	-	-	-	-	-	-	-	(3,200,000)
At 31st December 2013	$3,200,000	$14,000,000	$4,501,944	$1,075,823	$529,738	$199,944	$4,248,381	$-	$41,357	$27,797,187
Accumulated Depreciation										
At 1st January 2013	-	1,080,833	1,216,216	584,418	477,259	105,425	2,654,390	-	41,357	6,159,898
Charge for Year	-	280,000	270,643	75,273	12,761	16,310	537,760	-	-	1,192,747
At 31st December 2013	$-	$1,360,833	$1,486,859	$659,691	$490,020	$121,735	$3,192,150	$-	$41,357	$7,352,645
Net Book Value										
At 31st December 2013	$3,200,000	$12,639,167	$3,015,085	$416,132	$39,718	$78,209	$1,056,231	$-	$-	$20,444,542
At 31st December 2012	$3,200,000	$12,919,167	$3,285,728	$465,417	$51,846	$94,519	$1,191,674	$-	$-	$21,208,351

GROUP	Freehold Land	Building	Buildings Improvements	Furniture Fixtures and Fittings	Office Equipment	Air-Condition Units	Computer Equipment	Motor Vehicles	Library	Total
Cost										
At 1st January 2013	2,211,288	31,325,821	4,501,944	1,051,278	533,856	199,944	3,861,814	671,754	41,357	44,399,056
Additions	3,200,000	-	-	25,988	633	-	402,317	-	-	3,628,938
Disposals	-	(3,200,000)	-	-	-	-	-	-	-	(3,200,000)
At 31st December 2013	**$5,411,288**	**$28,125,821**	**$4,501,944**	**$1,077,266**	**$534,489**	**$199,944**	**$4,264,131**	**$671,754**	**$41,357**	**$44,827,994**
Accumulated Depreciation										
At 1st January 2013	-	3,058,072	1,216,216	585,861	480,282	105,425	2,666,734	404,712	41,357	8,558,659
Charge for Year	-	562,516	270,643	75,273	13,236	16,310	539,123	123,369	-	1,600,470
At 31st December 2013	**$-**	**$3,620,588**	**$1,486,859**	**$661,134**	**$493,518**	**$121,735**	**$3,205,857**	**$528,081**	**$41,357**	**$10,159,129**
Net Book Value										
At 31st December 2013	**$5,411,288**	**$24,505,233**	**$3,015,085**	**$416,132**	**$40,971**	**$78,209**	**$1,058,274**	**$143,673**	**$-**	**$34,668,865**
At 31st December 2012	**$5,411,288**	**$25,067,749**	**$3,285,728**	**$465,417**	**$53,574**	**$94,519**	**$1,195,080**	**$267,042**	**$-**	**$35,840,397**

9. BANK OVERDRAFT

CREDIT UNION			GROUP	
2012	2013		2013	2012
367,609	-	RBC Royal Bank of T & T Current Account – P.O.S.	-	371,352
-	-	RBC Royal Bank of T & T Current Account – Tobago	-	-
21,350	-	RBC Royal Bank of T & T Current Account – Arima	-	21,350
406,088	-	RBC Royal Bank of T & T – Loans – P.O.S.	-	406,088
3,859	-	RBC Royal Bank of T & T Current Account – San Fernando	-	3,859
$798,906	$-		$-	$802,649

Security:

This balance is held at TTD Roytrin Money Market Units in the name of Public Service Credit Union for 10,000 units valued at $250K stamped to secure $250,000.

10. ACCOUNTS PAYABLE AND ACCRUALS

CREDIT UNION			GROUP	
2012	2013		2013	2012
2,273,977	2,228,040	Provision for Staff Severance	2,228,040	2,273,977
309,098	167,428	Unallocated Receipts	167,428	309,098
337,979	829,934	Sundry Creditors and Accrued Expenses	897,849	430,211
645,125	515,028	Deposit Interest Payable	515,028	645,125
-	-	VAT Payable	31,640	54,187
-	-	Customer Deposits	179,438	179,438
$3,566,179	$3,740,430		$4,019,423	$3,892,036

11. LOANS

CREDIT UNION			GROUP	
2012	2013		2013	2012
-	-	(a) Intercommercial Bank Ltd		
		- Current Portion	1,291,168	996,934
		- Non-Current Portion	7,967,226	9,544,072
		(b) Rhand Credit Union		
5,000,000	5,000,000	- Non-Current Portion	5,000,000	5,000,000
$5,000,000	$5,000,000		$14,258,394	$15,541,006

(a) This balance represents a loan granted by the Inter-Commercial Bank Limited in the amount of $15 Million to construct a building on premises situated at 57-59 Dundonald Street, Port of Spain. This loan is secured by a legal mortgage over these premises and accrues interest at a rate of 9% per annum, which is repayable by monthly instalments of $167,228 over a period of 180 months.

(b) This balance represents a loan granted by Rhand Credit Union in the amount of $5 Million. This loan is secured on the property at 16 Cocorite Street Arima and accrues interest at a rate of 5.2% per annum for a period of 5 years. The loan is repayable on 4th January 2017 or by equal annual instalments.

12. DEFERRED TAXATION

CREDIT UNION 2012	CREDIT UNION 2013		GROUP 2013	GROUP 2012
-	-	Balance at Beginning of Year	97,452	97,452
$-	$-	Balance at End of Year	$97,452	$97,452
		Deferred Taxation is Attributable to the following item:		
$-	$-	Excess of Net Book Value over written down Tax Value	$97,452	$97,452

PSCU CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS — 31st DECEMBER 2013

1. COST OF FUNDS

CREDIT UNION 2012	CREDIT UNION 2013		GROUP 2013	GROUP 2012
147,549	159,307	Bank Charges and Interest	1,049,316	989,377
188,421	199,737	Interest – Giant Deposit	199,737	188,421
866,497	545,111	Interest – Members' Fixed Deposit	545,111	866,497
364,735	385,178	Interest – Members' Ordinary Deposit	385,178	364,735
-	260,000	Interest – Rhand Loan	260,000	-
$1,567,202	$1,549,333		$2,439,342	$2,409,030

2. ADMINISTRATIVE EXPENSES

CREDIT UNION 2012	CREDIT UNION 2013		GROUP 2013	GROUP 2012
288,883	246,198	AGM Expenses	246,198	288,883
-	128,746	Association Dues	128,746	-
120,750	125,750	Audit Fees	135,750	135,750
209,465	293,638	Electricity	293,638	209,465
617,268	587,252	Legal and Professional Fees	1,004,861	759,712
174,386	192,370	Office Supplies	196,456	179,438
-	-	Penalty and Interest	5,780	-
48,011	58,384	Postage and Stamps	58,384	48,011
19,657	74,503	Recoveries Expenses	74,503	19,657
11,514	13,136	Special Meeting Expenses	13,136	11,514
16,618	18,015	Storage	18,015	16,618
716,582	458,042	Telephone	461,192	725,291
101,265	74,216	Vehicle Expenses	74,216	101,265
$2,324,399	$2,270,250		$2,710,875	$2,495,604

3. RISK MANAGEMENT EXPENSES

CREDIT UNION 2012	CREDIT UNION 2013		GROUP 2013	GROUP 2012
393,841	360,620	CUNA Insurance	360,620	393,841
52,085	57,588	Death Claims Expenses	57,588	52,085
62,555	101,869	General Insurance	237,850	165,582
673,438	777,164	Security	777,164	673,438
-	2,499	PSCU Property Management Expenses	2,499	-
$1,181,919	$1,299,740		$1,435,721	$1,284,946

4. PERSONNEL EXPENSES

CREDIT UNION 2012	CREDIT UNION 2013		GROUP 2013	GROUP 2012
-	-	Gratuity	6,000	6,000
7,795,342	7,257,333	Salaries	7,319,036	7,828,892
447,752	468,957	NIS Employers Contribution	473,733	450,406
96,099	122,336	Medical Insurance Contribution	122,336	96,099
219,310	187,857	Staff Training	187,857	219,310
521,558	388,362	Travel, Subsistence and Uniforms	389,754	531,632
824,422	477,329	Severance Benefits	477,329	824,422
-	5,000	Staff Grants	5,000	-
-	84,479	Staff Performance Incentives	84,479	-
$9,904,483	**$8,991,653**		**$9,065,524**	**$9,956,761**

5. GENERAL EXPENSES

CREDIT UNION 2012	CREDIT UNION 2013		GROUP 2013	GROUP 2012
834,960	516,717	Advertising and Marketing	516,717	834,960
221,405	75,068	Computer Expenses	75,068	221,405
60,681	182,954	Computer Consultancy	182,954	60,681
3,068	-	Consumer Caravan Expenses	-	3,068
125,398	80,593	Co-Operative Activities	80,593	125,398
1,154,303	1,192,747	Depreciation	1,600,470	1,606,595
73,042	14,877	Donations	14,877	73,042
334,740	298,732	Education Expenses	298,732	334,740
105,639	54,462	Janitorial Services	54,462	105,639
278,412	1,078,486	Loan Loss Expense	1,078,486	278,412
60,551	115,948	Miscellaneous Expenses	115,948	64,303
7,474	19,524	Rates and Taxes	19,524	10,450
4,700	-	Relocation Expense	-	4,700
780,616	580,826	Rental of Building	580,826	780,616
285,535	264,815	Rental of Equipment	264,815	285,535
37,081	36,515	Rental of Plants	36,515	37,081
61,789	183,236	Repairs and Maintenance – Buildings	406,010	178,951
10,565	5,810	Repairs and Maintenance – Equipment	5,810	10,565
250,670	295,942	Stationery and Printing	295,942	250,670
300	-	Travel Desk Expenses	-	300
600	-	Valuation Expense	-	600
$4,691,729	**$4,997,252**		**$5,629,749**	**$5,267,911**

6. BOARD AND COMMITTEE EXPENSES

CREDIT UNION 2012	CREDIT UNION 2013		GROUP 2013	GROUP 2012
-	-	Directors' Fees	33,500	34,200
-	-	Meals and Entertainment	1,792	8,288
198,473	111,652	Meeting Expenses	111,652	198,473
247,750	208,980	Officers' Allowance	208,980	247,750
236,187	22,944	Other Expenses	22,944	236,187
205,401	200,581	Travel, subsistence and Accommodation	200,581	205,401
$887,811	**$544,157**		**$579,449**	**$930,299**

SCHEDULES TO THE FINANCIAL STATEMENTS — 31st DECEMBER 2013

4. PERSONNEL EXPENSES

CREDIT UNION 2012	CREDIT UNION 2013		GROUP 2013	GROUP 2012
-	-	Gratuity	6,000	6,000
7,795,342	7,257,333	Salaries	7,319,036	7,828,892
447,752	468,957	NIS Employers Contribution	473,733	450,406
96,099	122,336	Medical Insurance Contribution	122,336	96,099
219,310	187,857	Staff Training	187,857	219,310
521,558	388,362	Travel, Subsistence and Uniforms	389,754	531,632
824,422	477,329	Severance Benefits	477,329	824,422
-	5,000	Staff Grants	5,000	-
-	84,479	Staff Performance Incentives	84,479	-
$9,904,483	**$8,991,653**		**$9,065,524**	**$9,956,761**

5. GENERAL EXPENSES

CREDIT UNION 2012	CREDIT UNION 2013		GROUP 2013	GROUP 2012
834,960	516,717	Advertising and Marketing	516,717	834,960
221,405	75,068	Computer Expenses	75,068	221,405
60,681	182,954	Computer Consultancy	182,954	60,681
3,068	-	Consumer Caravan Expenses	-	3,068
125,398	80,593	Co-Operative Activities	80,593	125,398
1,154,303	1,192,747	Depreciation	1,600,470	1,606,595
73,042	14,877	Donations	14,877	73,042
334,740	298,732	Education Expenses	298,732	334,740
105,639	54,462	Janitorial Services	54,462	105,639
278,412	1,078,486	Loan Loss Expense	1,078,486	278,412
60,551	115,948	Miscellaneous Expenses	115,948	64,303
7,474	19,524	Rates and Taxes	19,524	10,450
4,700	-	Relocation Expense	-	4,700
780,616	580,826	Rental of Building	580,826	780,616
285,535	264,815	Rental of Equipment	264,815	285,535
37,081	36,515	Rental of Plants	36,515	37,081
61,789	183,236	Repairs and Maintenance – Buildings	406,010	178,951
10,565	5,810	Repairs and Maintenance – Equipment	5,810	10,565
250,870	295,942	Stationery and Printing	295,942	250,870
300	-	Travel Desk Expenses	-	300
600	-	Valuation Expense	-	600
$4,691,729	**$4,997,252**		**$5,629,749**	**$5,267,911**

6. BOARD AND COMMITTEE EXPENSES

CREDIT UNION 2012	CREDIT UNION 2013		GROUP 2013	GROUP 2012
-	-	Directors' Fees	33,500	34,200
-	-	Meals and Entertainment	1,792	8,288
198,473	111,652	Meeting Expenses	111,652	198,473
247,750	208,980	Officers' Allowance	208,980	247,750
236,187	22,944	Other Expenses	22,944	236,187
205,401	200,581	Travel, subsistence and Accommodation	200,581	205,401
$887,811	**$544,157**		**$579,449**	**$930,299**

PSCU Credit Union
Co-operative Society Limited

Budgeted Income and Expenditure Statement for the year 2014

	BUDGETED 2014 $000	BUDGETED 2013 $000	ACTUAL 2013 $000	2013 VARIANCE $000
Income :				
Loan Interest	25,958	24,012	22,771	-1,240
Investment Income	212	286	508	222
Rental Income	59	30	25	-5
Miscellaneous Income	1,531	1,331	1,330	-0
Total Income	**27,760**	**25,658**	**24,634**	**-1,024**
Expenses :				
Cost of funds	1,640	1,503	1,549	-46
Administrative Expenses	2,692	2,448	2,270	178
Risk Management Expenses	1,521	823	1,300	-477
Personnel Expenses	9,310	9,604	8,992	613
General Expenses	4,970	4,747	4,997	-250
Board and Committee Expenses	907	504	544	-40
Total Expenses	**21,040**	**19,629**	**19,652**	**-23**
NET SURPLUS/(LOSS) :	**6,720**	**6,029**	**4,982**	**-1,047**

Budgeted Capital Expenditure 2014

ITEM	BUDGETED 2014 $000	BUDGETED 2013 $000	ACTUAL 2013 $000	2013 VARIANCE $000
Building Improvements - Freehold	620	2,690	1,038	1,652
Furniture and Fixtures	95	63	26	37
Office Equipment	19	19	1	19
Computer Hardware and Software	809	746	402	343
Total	**1,543**	**3,518**	**1,467**	**2,051**