



**JDF
CO-OPERATIVE
CREDIT UNION LTD.**

Annual REPORT 2013

...making right moves



MISSION STATEMENT



To enhance the financial well-being of our members



Prayer of St Francis of Assisi

Lord, make me an instrument of your peace;
where there is hatred, let me sow love;
where there is injury, pardon;
where there is doubt, faith;
where there is despair, hope;
where there is darkness, light;
and where there is sadness, joy.

O Divine Master,
grant that I may not so much seek to be consoled as to con-
sole;
to be understood, as to understand;
to be loved, as to love;
for it is in giving that we receive,
it is in pardoning that we are pardoned,
and it is in dying that we are born to Eternal Life.

Amen.

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AGENDA

2014

- 1. ASCERTAINMENT OF QUORUM**
- 2. NOTICE OF THE MEETING**
- 3. CALL TO ORDER AND PRAYER**
- 4. CHAIRMAN'S OPENING REMARKS AND OBITUARIES**
- 5. READING AND CONFIRMATION OF THE MINUTES OF THE 50TH ANNUAL
GENERAL MEETING**
- 6. MATTERS ARISING**
- 7. INTRODUCTION OF GUEST SPEAKER**
- 8. GUEST PRESENTER - MRS. YANEEK PAGE**
- 9. REPORTS**
 - Board of Directors*
 - Auditor and Treasurer*
 - Credit Committee*
 - Supervisory Committee*
- 10. APPOINTMENT OF RETURNING OFFICER**
- 11. ELECTION OF OFFICERS**
 - Nominating Committee Report*
 - Elections to:*
 - Board of Directors*
 - Supervisory Committee*
 - Credit Committee*
- 12. RESOLUTIONS**
- 13. RECOGNITIONS & AWARDS**
- 14. OTHER BUSINESS**
- 15. VOTE OF THANKS**
- 16. ADJOURNMENT**



JDF Co-operative Credit Union Ltd.

Deferred Shares High-Yield Investment Plan

Live out
your
dreams



For further information
contact:

The Marketing Dept.

at 419-9229 or Extn. 2040

www.jdfcreditunion.com





NOTICE OF MEETING

Notice is hereby given of the 51st Annual General Meeting of the Jamaica Defence Force Co-operative Credit Union Limited to be held on Wednesday, April 16, 2014 at the No. 1 Hockey Field, Up Park Camp, Kingston 5, and beginning at 12.30 pm.

W. H. Hay
WO2 EVERTON HAY
Secretary

**MINUTES OF THE
50th ANNUAL
GENERAL
MEETING**

WO2 EVERTON HAY

Secretary



MINUTES OF THE 50th ANNUAL GENERAL MEETING

Held on Wednesday, 17th of April 2013 at the No. 1 Hockey Field, Up Park Camp, Kingston 5.

CALL TO ORDER

The meeting was called to order at 1333 hours (1:33 p.m.) by the President and Chairman Capt. Michael Anglin, after having ascertained that a quorum was satisfied.

OPENING PRAYER

Prayers were offered by Sgt TOPEY, G following which the prayer of St Francis of Assisi was recited by all.

OBITUARIES

A minute of silence was observed for members who had passed on during the year.

MINUTES OF THE 49TH AGM

The President moved a motion for the Minutes of the 49th Annual General Meeting, having been previously printed and circulated, to be taken as read. The motion was moved by Mr Lennox Bartley and seconded by Miss Evett Barnes. The President then invited members to indicate, page by page, corrections or omissions to the Minutes.

CONFIRMATION OF THE MINUTES

There were no corrections to the Minutes, a motion for the confirmation of the Minutes was moved by Lt Col O Khan and seconded by Miss Vivienne Whittle. The motion was carried.

MATTERS ARISING FROM THE MINUTES

Mr Lennox Bartley asked why there was no closing remarks from the Chairman. The President asked the then Chairman, Lt Col O Khan to respond to the question. Lt Col Khan responded that due to the duration of the meeting, he believed he had said enough. The President then asked Mr Bartley if he was satisfied. Mr Bartley answered in the affirmative.

INTRODUCTION OF GUEST SPEAKER

The Vice-President introduced the Guest Speaker Mr Christopher Williams, Co-founder and CEO of PROVEN Investments

NOTICE OF MEETING

The Notice was read by the Secretary, Capt. (Ret'd) Clifton Lumsden.

CHAIRMAN'S OPENING REMARKS

The President apologized for the late start and welcomed visiting friends and members to the fiftieth (50th) Annual General Meeting, on behalf of the Board of Directors, Volunteers, Management and Staff of the Jamaica Defence Force Co-operative Credit Union Limited. Special welcome was extended to Father McLaughlin, Co-Founder of the JDF Credit Union, Brigadier Rocky Meade- Deputy Chief of Defence Staff, Mr. Johnathan Brown- President of the Jamaica

Co-operative Credit Union League, accompanied by Miss Goulbourne, other senior officers of the JDF, representative from the Department of Co-operatives and Friendly Societies, Miss Karen Lyttle, special honourees , other invited guests, WO1 Errol McKenzie - Force Sergeant Major, representatives from the auditing firm KPMG and the Stenographer, Miss Majorie Goodgame. The President also introduced members of the Board of Directors and Mrs Patricia Tomlinson - General Manager. He expressed that the 50th Annual General Meeting of the JDF Credit Union was of significant importance as it signaled a successful milestone in the organization's existence.

Limited; who had contributed greatly to the firm's success. His passion to succeed struck home at an early age and played an integral role in Mr. Williams' life, manifesting itself in three main ways; a passion for strong family life, a passion for giving back to community and a passion to be successful in business. Mr. Williams boasts a success story when he held the position of Managing Director of NCB Capital Markets Limited which he grew into one of Jamaica's top investment houses and leading stock brokerage and primary dealers. He has also held Directorship at NCB Subsidiaries and was a Deputy Chairman of the Jamaican Stock Exchange. He is currently the Chairman of the Jamaica Association for the Deaf and served as President of the Jamaica College Old Boys Association. Outside of his work and community life, Mr Williams is an avid sports man and has been married to his wife Michelle for 18 years. They are proud parents of two boys. He holds a BSc in Accounting from the University of the West Indies and an MBA in Strategic Marketing and Finance from York University in Toronto, Canada. The Vice-President asked members to help in welcoming Mr. Williams.

GUEST SPEAKER

The Guest Speaker said that he considered the Credit Union as a critical model for wealth creation and he was extremely happy to be afforded the opportunity to share his thoughts on how to make the model grow even more. He said his speech was entitled Break Out of the Box. He believed it was an important time in the history of Jamaicans. He said like Father McLaughlin, 50 years ago we were at a challenging crossroads and it seems we are always at a crossroads. Mr Williams said that it was out of the challenges that were faced by the founding members of the JDF Credit Union 50 years ago that led to the innovative idea of creating wealth through the formation of a Credit Union. Fifty years later however, he said our challenges are way greater and beckoned us to look at five ways these could be overcome.

The first way suggested was to evolve the mandate of the Credit Union by establishing a consumer co-operative. He said that they existed in Germany and Canada and were very successful. He made reference to Mega Mart and Price Smart as examples of consumer co-operatives. Those he said supports commercial and for-profit strategies; where once you became a member you were able to shop at the membership stores at a cheaper costs.

Secondly, he added, was the establishment of alternative energy co-operatives and spoke to several in existence in Canada, which established their own energy generation entities, providing their membership access to alternative energy at virtually low cost. These have provided significant savings to the members of the co-operatives. He spoke of a wind turbine generating entity from which 2,300 members were benefiting. He said it was critical that not just the JDF Credit Union but the League gets involved with the bidding process.

Thirdly, he said was to break from limiting the participation in Credit Unions to cash only contributions, as this limits the opportunity and ability of members to create wealth because they don't have cash. Mr Williams said that several entities in Germany have established sweat equity contributions so that members of the co-operatives could provide labour as a means of getting membership share ownership and increasing their share ownership. He said this was particularly attractive when twinned with a housing co-operative structure and these are very common and prevalent in poorer countries such as Africa. He said

that the end goal of these is wealth creation through the provision of housing.

The final area that he recommended was one that is not just critical to the growth of the Credit union and to the JDF Credit Union but to the nation as a whole.

Mr Williams stated that if we were to be successful as a country and get out of our recurrent challenges we will have to grow the economy through the establishment and the evolution of businesses. He said the establishment and the evolution of businesses will require capital and a number of members of the JDF Credit Union have fantastic business ideas, and may already be running businesses despite their role as members of the JDF. Mr Williams said it is critical to grow the SME sector in the country for the country to grow.

He said the JDF Credit Union must respond to that mandate and urged the Treasurer to carve out a portion of its total assets to identify and welcome venture capital proposals from our membership and to invest in some of those enterprises, taking an equity position and looking to exit same through listing on the stock market. The Guest Speaker posited that we are not going to be able to fulfil the long term mandate that started 50 years ago by only providing loans that are going to be limited to the ability of the individuals to generate income. For us to create wealth we have to help our members to grow that income which requires us to widen the mandate to include venture capital. He urged us to be stringent in the analysis of these proposals, but these proposals must come and we must begin the process of growing the nation by growing our membership. In closing, Mr Williams urged us to face the challenges collectively rather than individually and reminded us that the whole is greater than the sum of the parts.

REPORT OF THE BOARD OF DIRECTORS

With the Report having been previously printed and circulated, a motion for the Board of Director's Report to be taken as read was moved by Sgt Topey, G and was seconded by Maj (Ret'd) S Kitson. The motion was carried. Capt. Anglin said that it was his honoured pleasure to present, for the first time as President of this noble institution, the Report of the Board of Directors for 2012.

He said that the decision taken in 2012 by the members at the AGM for this current Board to lead the charge of the Credit Union, was one that was taken with great commitment and sobriety. He said that the Board decided to review the strategic direction of the Credit Union and make adjustment as was necessary, of which assistance was sought from Strategic Alliance Limited under the management of Mr Robert Wynter. He said that part of the review included a reassessment of our infrastructure, our human and technical resources, our products and services and also our governance. He said that the Credit Union improved its communication and technology platform to increase efficiency and effectiveness in service delivery.

Capt. Anglin shared some of the Credit Union's achievements such as; the launching of online banking, increase in asset base by 15.62% which was close to the billion dollar mark, copping the Paul Thompson Award for best Credit union in the medium-size category two years in a row, expansion and renovation of the Credit union building to allow for more space for staff to work and for members to do business and improving the aesthetics.



The President said that corporately the JDF Credit Union continued to fulfill its obligations by sponsoring events such as the historic Military Tattoo, JDF Civilian Football Team, JDF Technical Training Institute, JDF 50th Alert Magazine and the Treasure Chest Youth Scholarship Awards.

In closing, the President commended the members for their continued commitment to the Credit Union and also thanked the Board of Directors and other volunteers, the General Manager and her staff for the hard work that they have done over the year.

AUDITOR’S REPORT

The Auditor’s Report was read by a representative of the Firm KPMG Chartered Accountants. The report was contained in pages 27 and 28 of the booklet.

TREASURER’S REPORT

The Treasurer’s Report having been circulated, the President asked that a motion be moved for the Report to be taken as read. The motion was moved by WO1 Lynval Lawrence and seconded by WO2 Yvonne Foster. The motion was carried. The Treasurer indicated that it was his intention to provide a synopsis of the financial performance for the period ending 31st December, 2012. He stated that undoubtedly our financial performance had shown continued growth and resilience not only over the last 12 months under review but also the last few years and the results are testament to the fact that our management and staff are doing the right things in keeping with the vision of our Founding Forefathers and benefit our members. This he said was achieved despite the challenging financial and regulatory environment.

Strong Foundation

The Treasurer said that for 50 years since the JDF Credit Union has been founded it has maintained its focus of being a member-centric organization. This he said has always been understood by its valued members and is relied upon for success.

Unique Culture and Approach

Maj Bogle said that such a culture began with strong values which permeate the entire organization. This he said has been demonstrated in strong discipline which results in good business judgement such as, cost control, risk management and leadership.

Asset Base

The Treasurer said that growth in asset overall stood at 15.60% over the previous period and that the loan portfolio grew by 16.10%

Capital

He indicated that capital adequacy requirements were the single most important regulatory imperatives for the effective management of risk taking institutions and that the growth in the capital base increased by 15.90% over the previous period.

Liabilities

Over the period, members were encouraged to increase their savings, this resulted in an increase of 17% and voluntary shares increased by 0.2% over the previous period.

Income and Expenditure Account

The Credit Union realized a surplus of \$57.8M, this represents an increase of 16% over the previous period. Operating expense increased from \$59M to \$71M which

represents an increase of 20.5% which was due to increases in administrative and personnel expenses over the period.

The Way Ahead

The Treasurer said that with the expectation that growth in the global economy will remain subdued in 2013 and the momentum in major emerging markets moderating, this will set the tone for the year ahead.

He concluded by saying that the JDF Credit Union was well positioned to deliver growth earnings, sustainable revenues and profitability based on diversified products, the addition of new members and honouring the trust of its members.

Matters Arising from Treasurer’s Report

Mr Lennox Bartly asked the Treasurer why we are so optimistic about achieving the one billion dollar mark. The Treasurer explained that we were at 980M and 20 points away, therefore we can make it.

Lt Col Khan enquired about the effectiveness of the Emortelle platform (Information Technology) and if we were able to start the Disaster Relief Fund as it was important to prepare for the effects of climate change. The Treasurer said we were satisfied with Emortelle and the Disaster Relief Fund was established and that it was part of the appropriations.

Cpl Ricketts asked if the 57M surplus was the best we could achieve given that our Assets were 980M. The Treasurer said that this was among the best in the market if not the best.

There being no other matters arising from the Treasurer’s Report, a motion for the acceptance of the report was moved by Sgt Andre Shakespeare and seconded by Cpl Ricketts.

CREDIT COMMITTEE REPORT

A motion for the Annual Report of the committee to be taken as read, was moved by Sgt Smith, C and seconded by Alexander Rogers. The motion was carried. The President invited the Chairman WO2 Delroy Bell to discuss the Report for 2012. He advised that the committee comprised the following persons:

- WO2 Delroy Bell - Chairman
- SSgt Paul McKenzie - Secretary
- WO2 Henry Williams - Acting Secretary
- Maj Ezra Bignall - Member
- WO1 Lynval Lawrence - Member
- Sgt Andre Shakespeare - Member
- Sgt Lukel Miller - Member

The Chairman indicated that during the year the Secretary was unable to carry out his function due to work commitments, hence WO2 Henry Williams was appointed to act as Secretary. The Chairman said that the year under review was a challenging one from the perspective of the Credit Committee. He said that the committee observed that there were factors that impacted negatively on the members’ ability, chiefly the wage freeze and the double digit inflation. Despite this he said, members made applications for loans and the committee correspondingly endeavoured to make itself available to review the applications on a timely basis in order to satisfy the needs of the members. He indicated that the loans approved, were broken down as follows:

Motor Vehicle Purchase	\$48,896,904.94
Loan Refinancing	\$12,300,710.00
Debt Consolidation	\$6,068,858.87
Personal Loan	\$7,035,037.47
Unsecured Loan	\$2,546,185.78
Home Improvement	\$12,208,050.00
Mortgage Loan	\$17,924,282.60
Easi loan	\$411,382.06
Education	\$1,522,637.15
Furniture & Appliance	\$188,740.18
Hire Purchase	\$132,336.84
Back to School	\$245,810.01
Motor Vehicle Repairs	\$309,000.00

The Chairman expressed gratitude to the members of the JDF Co-operative Credit Union Limited for the trust and confidence that they bestowed in the committee to serve their needs. He also thanked the Board of Directors, other Volunteers and the Management and Staff for the support given to the committee during the year. Finally the Chairman said he wanted to recognize in a very special way the hard work and commitment of the members of the Credit Committee and the support given to him as Chairman during the year 2012.

There being no questions or discussions, a motion for the acceptance of the report was moved by Ex-WO2 Yvonne Foster and seconded by Ex-Sergeant Rita Bailey. The motion was carried.

SUPERVISORY COMMITTEE REPORT

A motion for the Annual Report of the committee to be taken as read, was moved by SSgt Paul McKenzie and seconded by Ferdinand Campbell. The motion was carried. He advised that the committee comprised the following persons:

Sgt Edward Pryce	-	Chairman
Miss Vivienne Mitchell	-	Vice Chairman
Sgt Girllet Bernard	-	Secretary
Sgt Cleveland Smith	-	Ast. Secretary
WO2 Barbara Vaughans	-	Member
Mrs Elizabeth Brown-James	-	Member
Sgt Garfield Topey	-	Member

The Report indicated that the committee acts on behalf of all members by monitoring the JDF Co-operative Credit Union's operation to ensure that adequate internal controls are maintained, and also to affirm that the company is operating in a financially sound manner in order to protect the members' assets. The report also indicated that the committee works alongside the Internal Auditor in order to ensure compliance with the Credit Union's policies and procedures.

The committee undertook audits encompassing different areas of the company's operations as follows:

- Cash and Debit Card Checks
- Processing of Staff and Volunteers' Loans
- Credit Union's Investment Portfolio
- Verification of Staff Emoluments
- Management of Dormant Accounts
- Record-Keeping and Storage Checks
- System Checks
- Verification of Members Account Balances
- Follow-up Audits

These audits were carried out in accordance with international best practices in auditing and the JDF Credit Union's policies and procedures and the Supervisory

Committee's manual.

Conclusion

Being the watch dog of the Credit Union, the committee ensured that Management and Staff, Board and other volunteers adhered to the rules that were set to govern the organization. Tests conducted revealed that the operational procedures conformed to the policies and procedures and the internal controls of the Credit Union.

The Supervisory Committee extended special thanks to Mrs Karlene Pitter-Cooper, Internal Auditor for the tremendous work, continued guidance and advice to the Committee. The Committee also thanked the Board, Management and Staff, other Volunteers and the entire membership for the opportunity accorded to them to serve.

There being no questions or discussions, a motion for the adoption of the Report was moved by WO1 Lynval Lawrence and seconded by Keisha Souden. The motion was carried.

ELECTION OF OFFICERS

The President invited Ms. Karen Lyttle from the Department of

Co-operatives and Friendly Society to preside over the Election of Officers. She presented the report of the Nominating Committee.

Board of Directors

The members of the Board of Directors who were retiring: Capt. Michael Anglin, Maj Oniel Bogle, Capt. (Ret'd) Clifton Lumsden, Capt. Heleda Thompson and WO2 Everton Hay. Recommended to serve were: Maj. Oniel Bogle, Capt Michael Anglin, Capt. (Ret'd) Clifton Lumsden, WO2 Everton Hay, Capt Basil Jarrett, 2Lt Kwame Gordon, Sgt Andre Shakespeare. There were no nominations from the floor. Elected unopposed to serve for two years were: Maj. Oniel Bogle, Capt Michael Anglin, Capt. (Ret'd) Clifton Lumsden, WO2 Everton Hay and Sgt Andre Shakespeare. Capt Basil Jarrett and 2Lt Kwame Gordon were elected to serve for 1 year. Lt Col Radgh Mason and WO2 Chester Bennett were not retiring.

Credit Committee

The Nominating Committee recommended Capt. Heleda Thompson, WO2 Henry Williams and Sgt Lukel Miller. They were returned unopposed. The elected members were to serve for two years alongside WO2 Delroy Bell, WO1 Lynval Lawrence, Maj. Ezra Bignall and SSgt Paul McKenzie who were not retiring.

Supervisory Committee

The Nominating Committee recommended WO2 Barbara Vaughans, Sgt. Cleveland Smith, Sgt. Girllet Bernard, Mrs. Elizabeth Brown-James, Sgt. Edward Pryce, Sgt. Garfield Topey and Miss Vivienne Mitchell. They were all duly elected unopposed to serve a one (1) year period.

Representatives to JCCUL's AGM

The Nominating Committee recommended the Board of Directors to be authorized to nominate delegates and alternate delegates to the League's Annual General Meeting in 2013. The motion was moved by Sgt. Edward Pryce and seconded by Vivienne Mitchell.

The motion was unanimously carried.

Prizes and Presentations

The Guest Speaker, Mr. Christopher Williams, was presented with a token by Miss Clarine Bogle, Loans Clerk.



Various Special and Spot Prizes were won by members.

ANY OTHER BUSINESS

Mr. Lennox Bartley asked if there will be a Christmas Loan Special this year. The President informed that this was something the Credit Union would always want to do, however it depends on the availability of funds. He also said that efforts will be made for this to be done.

VOTE OF THANKS

The Vote of Thanks was moved by Mrs Patricia Tomlinson, General Manager. Mrs Tomlinson said it was indeed a wonderful AGM. She thanked the Guest Speaker, Mr Christopher Williams, Capt. Michael Anglin, Board President, others members of the Board of Directors, Credit and Supervisory Committees, Management and Staff of the JDF Credit Union, Brigadier Rocky Meade, Deputy Chief of Defence Staff, who represented the Chief of Defence Staff, Col Daniel Pryce, W01 Errol McKenzie, Force Sergeant Major, Mrs Davis-Hunter, HR Manager JDF Civilian Staff, Mr Johnathan Brown, President of JCCUL, Mr David Wan and Mr Parkes from CUNA Mutual, Ms Karen Lyttle and Mrs Brown from Department of Cooperatives and Friendly Societies, especially Ms Lyttle who acted as our Director of Elections and Mr Albert Smith, General Manager of NUCCS.

Thanks were further extended to members of our sister Credit Unions, General Managers and Presidents, President and General Manager from BOJ Staff, Miss Natasha Scott from Jamaica Police, Miss Jacqueline Mighty from COK Sodality, Miss Hope Mowatt from Grace Credit Union, JPS and Partners, Police and UWI, Mona. A special thanks was extended to the stenographer, Miss Goodgame, to honouree, Miss Cynthia Bruff who wasn't able to make it, other honourees, the advisor to our Founding Members of our Founding team, Father McLaughlin, to our past Presidents, especially Lt. Col Khan who she said has seen the Credit Union through two consecutive years of winning the Credit Union of the Year award, past volunteers, past General Managers and our serving members. She also

thanked the exhibitors, Singer, PC Solutions, Shields Security, Motor Fusion, Jamaica Corporate Insurance Agency, One Stop Computers, A.B. Vision, Guardsman, Net Link, and Herbal Life. Mrs Tomlinson also thanked WYS Caterers for the catering service, special thanks was extended to Mrs Janice Blake, Marketing and Member Relations Manager and her team for organizing the memorable Fiftieth Annual General Meeting and other staff members of the Credit Union who have worked hard to making this occasion possible.

She also said that she was grateful to the general membership for staying with the Credit Union throughout the years and that the attendance demonstrates indeed that they see the Credit Union as the financial institution of choice.

CLOSING REMARKS

In his closing remarks, the Chairman said it has been a most productive meeting and the audience was excellent. He said that next year will be a challenging one for the Credit Union and that we are mentally prepared for it and we commit ourselves as volunteers and staff to take on this challenge because we know that we will succeed again. Capt. Anglin thanked everyone for their patience, support and understanding. He then declared the session closed and reminded that entertainment will be on the outside. There being no further business, he declared the 50th Annual General Meeting terminated.

ADJOURNMENT

The Meeting of the 50th Annual General Meeting was adjourned at 1648 hours/4:48 p. m.


W02 EVERTON HAY
 Secretary



BOARD OF *DIRECTORS*



**WO2
EVERTON HAY**
Secretary

**WO2
CHESTER BENNETT**
Director

**1LT
KWAME GORDON**
Director

**SGT
ANDRE SHAKESPEARE**
Assistant Secretary

**MAJ
ONEIL BOGLE**
Treasurer





**MAJ
BASIL JARRETT**
Director

**MAJ
CLIFTON LUMSDEN**
Assistant Treasurer

**LT. COL
RADGH MASON**
Vice President

**CAPT
MICHAEL ANGLIN**
President



BOARD OF DIRECTORS' REPORT

Captain Michael Anglin
President



Fellow co-operators, it was just a few months ago that we gathered here on the occasion of our fiftieth (50th) Annual General Meeting. A year has passed and what a year it was!

Our 50th Anniversary Celebrations commenced with a Launch on January 23rd 2013 at the Force Conference Room here in Up Park Camp. Thereafter on February 03, 2013, we had our Anniversary Service at the Garrison Church to give God thanks for all that were achieved over the past fifty (50) years. Thanks again to those who turned out to share the moment.

Your credit union continued in a celebratory mode where we not only sponsored the JDF Cross Country Competition for 2013 but it also saw - for the first time – our General Manager and staff participating as runners in the event.

Last year your Board committed to reviewing our strategic direction to ensure greater efficiency, accountability and delivery of service. Some achievements were realised including the better safeguarding of your online accounts in light of increased Automated Teller Machines scams, through the introduction of Transaction Email Notifications Service, employment of part-time staff for pay-day demands and reorganizing of how we do business as a means of improving our business processes. We continue to have you, our valued members, as our main focal point and so whatever we do as an organization is done to provide better products and services to you.

KEY PERFORMANCES

So what did we achieve in 2013? Firstly, we are no longer considered a medium-size credit union. Credit Union sizes are determined by their asset base and we are proud to announce that your Credit Union having crossed the one billion dollars (\$1B) mark in asset base, has now been designated a large-size Credit Union. Additionally, over the last ten (10) years the Credit Union showed phenomenal growth to become the entity we now are. We are now accessible on Facebook. We launched our Facebook page in October 2013 as we continue in an effort to keep pace with new trends and technology.

We also implemented our Loyalty Rewards Programme in December 2013, which saw fifty-seven (57) of our members

being singled out for their outstanding commitment to the JDF Credit Union. Finally, on the information technology side, we have improved our Online Loan Application and Internet Banking platforms as part of our improved service delivery. We also now offer free WiFi service to you our members while you wait to transact your business. With this capability, you are now able to check your online account without having to wait to get a printout status.



A formal Members Needs Survey was conducted in May 2013 to better identify what your needs are. Based on your feedback, adjustments were done to our Motor Vehicle, Quick Cash, Tertiary Education Loan, Easi Loan, Insure Plus and Unsecured products. Your Board of Directors commend you once again for keeping your commitment to honour your loan obligations, so much so that our Delinquency Rate as at 31st December 2013 stood at 1.15%, well below the Jamaican and International 5% standard.

We continue to reach out to members in our various out-stations; to that extent we have identified Liaison Officers in those areas to work with our staff to help bring information to you; this is supported on a monthly basis by onsite visits to write loans, recruit members and further address queries.

LOOKING AHEAD

But what about the next year? Notwithstanding the economic environment that we are currently faced with, a number of opportunities exist. It is said that 'necessity



is the mother of invention' and your Board of Directors recognizes the necessity to bring innovation to our offerings. We are therefore embarked on creating partnerships with key stakeholders in the wholesale, retail, motor vehicle, insurance, commercial and financial industries. In so doing, we are expecting that lower rates/cost will redound to the membership, with your credit union benefiting from those spill-offs.

We are also in the final year of our strategic plan and a new three-year plan will be devised to take our credit union to higher heights. Your involvement in this process will be necessary later in the year.

Changes in service delivery are in the air, led by the mobile wallet innovation that facilitates bill payment and merchant purchases on-the-go. Your credit union will bring this opportunity to you so that you too can experience convenience at your finger tip.

The new Bank of Jamaica Regulations for Credit Unions in Jamaica are expected to be implemented this year. We have already undergone two periods of audits in preparation for these regulations and we stand ready to be regulated. We assure that when this happens, there will be no negative change to how we deliver service to you, our valued members.

"...over the last ten (10) years the credit union showed phenomenal growth to become the large-size entity we now are"

Attendance Record

<i>Board Members</i>	<i># of Possible Meetings</i>	<i>Meetings Attended</i>	<i>Absent with Apology</i>
<i>Capt Michael ANGLIN</i>	<i>12</i>	<i>12</i>	<i>0</i>
<i>Lt Col Rudolph MASON</i>	<i>12</i>	<i>11</i>	<i>1</i>
<i>Maj Oniel BOGLE</i>	<i>12</i>	<i>11</i>	<i>1</i>
<i>Maj Clifton LUMSDEN</i>	<i>12</i>	<i>10</i>	<i>2</i>
<i>Maj Basil JARRETT</i>	<i>12</i>	<i>5</i>	<i>7</i>
<i>WO2 Everton HAY</i>	<i>12</i>	<i>11</i>	<i>1</i>
<i>WO2 Chester BENNETT</i>	<i>12</i>	<i>11</i>	<i>1</i>
<i>Lt Kwame GORDON</i>	<i>12</i>	<i>5</i>	<i>7</i>
<i>Sgt Andre SHAKESPEARE</i>	<i>12</i>	<i>11</i>	<i>1</i>

Your Board of Directors, on behalf of the other volunteers, management and staff, thank you for standing by your credit union despite the many offers that are available to you from other financial institutions. We are committed to ensuring that you continue to receive quality service from all of us as we endeavour to build your wealth as you march forward!

M. A. ANGLIN
Captain
President



**MEETING TARGETS
EXCEEDING
1BILLION DOLLAR
MARK IN ASSETS**





JDF CV's 50th Year Celebration





...how we celebrated 50!

TREASURER'S REPORT

Major **O A BOGLE**
Treasurer



PROVIDING OUR MEMBERS WITH THE WAYS AND MEANS TO CREATE WEALTH

Dear fellow co-operators,

I am pleased to report that for the fiscal year ending 31 December 2013, the JDF Cooperative Credit Union achieved another year of record financial performance, earning \$60.6M in net income. In each quarter of 2013, we consistently achieved positive results and had good performances. It should be noted that we have produced record results over the last five years. We achieved these results in typical JDF Cooperative Credit Union fashion. These results were delivered as a result of our sustainable and diversified product offerings and investments, prudent risk management practices and our dynamic team of management and staff who once again showed that our goal of making our members financially better off is a winning one. Undoubtedly, these results set us apart from our competitors and our consistent results have provided stability through the past several years of economic turmoil. Of significance the JDF Cooperative Credit Union ended the year with an asset base of \$1.14B which signalled the growth of the Credit Union into uncharted waters and from all the indicators has not phased us, but in fact has embolden us to rise to the challenge.

These results continue to demonstrate that we have the right strategy and that we are executing it well. Throughout the year, we continued to make a concerted effort to positively impact our members, staff and the wider community in which we serve through our day-to-day operations and relentless focus on the delivery of a superior member experience.

We are extremely proud of the achievements of JDF Credit Union over the past year, despite the significant events that impacted our sector and the challenges of a weak economy. During the year, the Jamaican Government, supported by a 4-year Extended Fund Facility from the International Monetary Fund (IMF), began an aggressive programme to transform the longstanding structural impediments of the economy, restore investor confidence, and establish the conditions for sustainable economic growth. As a prior condition to entering the IMF agreement, the Government executed the National Debt Exchange (NDX) programme in February 2013 to lower interest costs and reduce the Government's medium-term financing needs.

Jamaica's programme implementation under the extended fund facility has remained strong. The current account

has improved markedly and international reserves have increased in line with programme requirements. The JDF Credit Union is also mindful of the Governments efforts at strengthening fiscal management, including an effective fiscal rule which would help entrench fiscal discipline and commitment to debt reduction.

Post-NDX, the financial services industry has experienced substantial reduction in asset yields.

Consequently, the careful management of margins and expenses has been a critical component of our performance over the period. In addition, we leveraged our member loyalty, and culture of cost discipline to effectively contain expense growth through ongoing management of procurement practices, and business process reengineering.

We have delivered strong and consistent long-term returns, despite the financial crisis, and prolonged slow economic growth. The challenges of the past several years have taught us some very important lessons, but they have not fundamentally changed who we are. In fact, they have reaffirmed the things which have made this Credit Union a strong and stable entity.

Our strategy

Within the Credit Union, when we talk about our strategy, we start by talking about the big picture. We want to make sure that we have a sound mix of good growth opportunities, high-quality earnings, strong member relationships, and a prudent risk appetite that underpins all of our activities. With these elements in place, we are confident that we have the big picture right, and that we can deliver the consistent and predictable results that are expected by our membership. Over the past years, we have carefully built a platform and business model that differentiates us from our competitors.

Our strategic priorities are the road map for our continued long term success and are geared towards leveraging our team's strengths to meet the complex and dynamic needs of our members, while generating sustainable growth across all our product lines.

A future of opportunity

There are currently 38 Credit Unions in Jamaica and that number may or may not reduce in the future given the conditions in the market and the regulatory framework. I have every confidence that the JDF Credit Union's unique culture will remain intact, and that it will evolve and strengthen over time to meet the challenges in the years



ahead. Our Credit Union is in good hands led by a great team, and I believe that it is exceptionally well positioned for the future.

A look ahead

More balanced and consistent economic growth is returning around the globe, albeit at more moderate levels than before the financial crisis. Our business model is designed to benefit from this trend; we are encouraged to see the implementation of fiscal rules, and a desire to have a balanced budget in the medium to long term at the national level. Overall, we are confident in the macro economic growth prospects which will redound to the benefit of our organisation.

FINANCIAL HIGHLIGHTS

The last fiscal year was challenging in terms of the weakening Jamaican currency, inflationary pressures, wage freeze and the socio-political climate. In spite of these factors, the JDF Credit Union performed admirably and I am pleased to share some of our significant financial accomplishments, which are captured in our Balance Sheet, and the Income and Expenditure Accounts.

Asset base

The growth in Assets continued in 2013, and at 31 December 2013 stood at \$1.144B which augers well for the Credit Union. In fact, there was a 16.7% increase over 2012. The loan portfolio which accounts for 82.4% of total assets grew by 22.2% over 2012. It should be noted that this portfolio is our primary income contributor.

“Within the Credit Union, when we talk about our strategy, we start by talking about the big picture”

Capital

Capital adequacy requirements are the single most important regulatory requirement for the effective management of risk taking by credit unions. Capital for the purposes of calculating the capital adequacy of a credit union consists of institutional capital, defined as the sum of the funds within a credit union that are non-distributable and over which no person or outside entity has a legal claim. Institutional capital represents an accumulation of net income from prior operations in the form of retained earnings, regulatory reserves, and grants. The capital base experienced a 16.7% growth over 2012, and at 31 December 2013 stood at \$337.9M.

Liabilities

In terms of member savings, the credit union was able to encourage more members to increase their savings. That effort led to a \$45.7M or 13.7% increase over 2012. Similarly, members' voluntary shares stood at \$264.8M or 0.4% above 2012.

INCOME AND EXPENDITURE ACCOUNT

An income and expenditure account is an account, similar to a profit and loss account, prepared by an organization whose main purpose is not the generation of profit. It

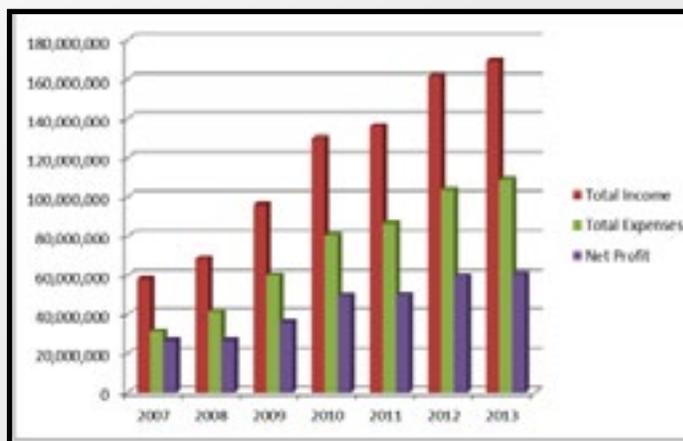
records the income and expenditure of the organization and results in either a surplus of income over expenditure or of expenditure over income.

The Credit Union realized a surplus of \$60.6M compared to \$59.3M in 2012. This represents a marginal increase over the previous period. The surplus was realized from gross income of \$133.9M which was \$5.16M more than the \$128.7M achieved in 2012.

Loan interest income increased by only 3.6% or by \$4.4M over 2012 which was due to largely to our efforts to remain competitive in the market. The JDF Co-operative Credit Union conducted a number of market surveys throughout the period under review which informed our decisions to adjust our interest rates to safeguard our loan portfolio.

Your credit union recorded a marginal decrease in interest earned on investment during the year. The amount earned in 2013 was \$5.43M compared to \$5.52M earned in 2012. The decrease was due to the increased demand in loans and our efforts to satisfy them.

Years	Total Income	Total Expenses	Net Profit
2007	\$58,890,252.00	\$31,338,544.00	\$26,751,708.00
2008	\$68,302,201.00	\$41,524,238.00	\$26,777,963.00
2009	\$95,817,516.00	\$59,971,301.00	\$35,846,215.00
2010	\$129,932,851.00	\$80,478,573.00	\$49,454,278.00
2011	\$136,165,411.00	\$86,392,332.00	\$49,773,079.00
2012	\$161,424,067.00	\$105,575,258.00	\$59,328,809.00
2013	\$169,473,352.00	\$108,839,253.00	\$60,634,099.00



Operating Expenses

Total operating expenses increased from \$71.1M to \$72.3M or 1.6%. It should be noted that administrative expenditures and emoluments accounts for 62.6% of our operating expenses. In fact, there was 0.6% increase in administrative expenditures over 2012.

The table below illustrates a simplified version of our Income and Expenditure Statement for the periods ended December 2013 and December 2012.

2013	INCOME	2012	Change over '12	Change over '12 %
\$124,225,718.00	Interest on Loans	\$119,802,006.00	\$4,423,712.00	3.6%
\$5,435,370.00	Interest on Investments	\$5,522,511.00	(\$87,141.00)	-1.5%
\$39,812,264.00	Non Interest Income	\$36,099,550.00	\$3,712,714.00	10.2%
2013	EXPENDITURE	2012	Change over '12	Change over '12 %
\$45,335,581.00	Personnel	\$45,041,177.00	\$294,404.00	0.6%
\$15,489,720.00	General Overheads	\$17,712,059.00	(\$2,222,339.00)	-12.5%
\$34,391,797.00	Interest Expenses	\$31,159,766.00	\$3,232,031.00	10.3%
\$11,563,270.00	Affiliation & Representation	\$8,437,243.00	\$3,126,027.00	37%

How we will do business

The JDF Credit Union is committed to maintaining a solid capital base to support the risks associated with our diversified businesses and to position us well for future business growth.

The strength of our 2013 results demonstrates our commitment to delivering sustainable and profitable revenue growth. In the coming year, we will continue to deepen relationships with our existing members as well as further penetrate our bond with effective and innovative product offerings.

The Way Ahead

The JDF Credit Union has a long history of executing well against our strategies. We will continue to do the things that we do well: focus on our members, build our businesses – both organically and leverage our diverse and experienced senior leadership team. The economic outlook for Jamaica will be moderate, but given the recent successes in the IMF quarterly reviews, positive pronouncements by International Rating Agencies, macroeconomic stability and predictability, the buzz surrounding the Logistics Hub and other investments in our road infrastructure augers well for investor confidence and the conditions for growth.

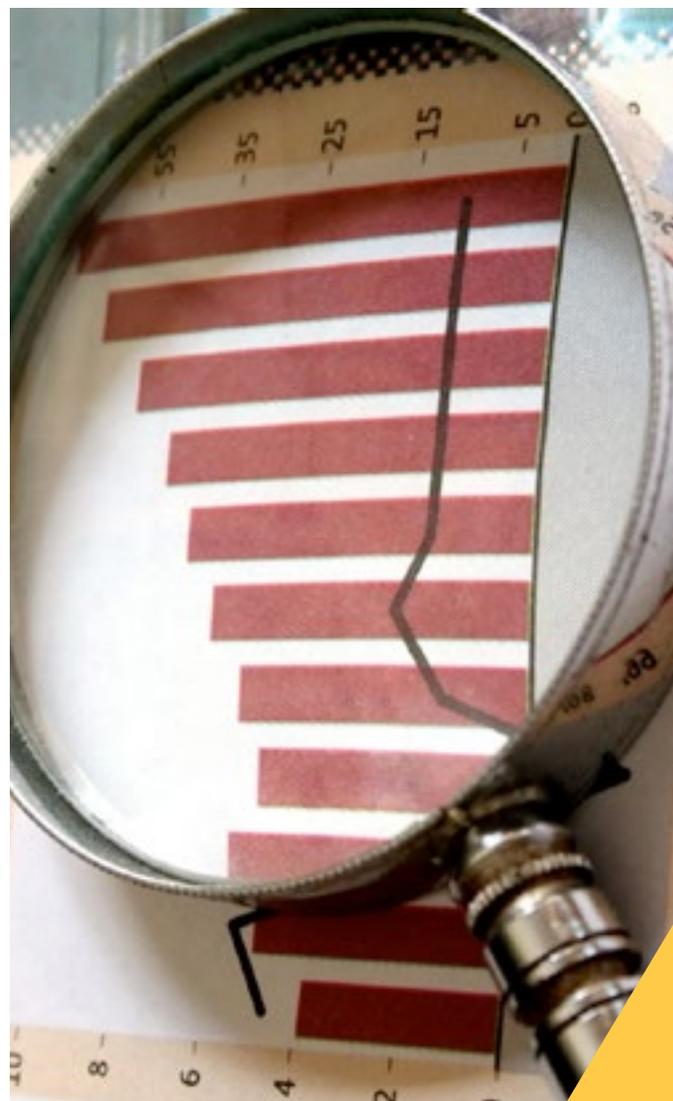
Over the past 50 years, the JDF Credit Union has provided our members with a safe and stable place to meet their financial needs, and arguably maintaining our position as the institution of choice for the majority of members. Our hard earned reputation for safety has proven an invaluable source of competitive advantage. We are confident that our core strengths in managing risk and expense control will continue to serve us well, allowing us to weather any potential storms, while we fulfil our mission of helping our members to become financially better off.

As always, our team consisting of both management and staff make our success possible, and I would like to record my gratitude for your commitment to JDF CCU, and for setting the conditions which have led to continued success. Additionally, I would like to thank our Board of Directors, whose insight, diligence, governance and commitment to JDF CCU were central to our strong results in 2013.

On behalf of the JDF CCU, I also extend my sincerest gratitude to our members, for their continued loyalty, and for placing your trust in the JDF CCU as we march forward building wealth.

With sincerest regards,


O A BOGLE
 Major
 Treasure





Start a

\$WYYS  *Plus*
Account

Because Retirement should mean...
“to rest easy after work”



- *Lump sum deposit accepted at opening*
- *Attractive tax-free interest*
- *Interest paid twice annually*
- *Funds mature every 5 years*
- *Bonus interest paid every 5 years*
- *Access up to 75% of interest without penalty*
- *Affordable monthly saving requirement*



**JDF CO-OPERATIVE
CREDIT UNION LTD.**

Tel: (876) 926-3870
www.jdfcreditunion.com





RESOLUTION # 1

Proposal for the Appropriation of Surplus

Undistributed Surplus	83,097,125
Net Surplus for the Year	60,634,099
Gross Available for Distribution	143,731,224
Previous Year Commitment	56,972,820
Net Available for Distribution	<u>86,758,404</u>

Distribution

Dividend Permanent Shares (30%)	3,467,062
Institutional Capital	12,311,694
Honoraria Payment	1,790,000
Marketing and Promotions	2,000,000
Donations	2,000,000
Treasure Chest Scholarship	1,500,000
IT Enhancement	3,000,000
Disaster Relief Fund	1,000,000
Reserve for Unsecured Loan	30,000,000
Other Reserve	151,000
Total Distribution	<u>57,219,756</u>
Undistributed Surplus	<u>29,538,648</u>

38992.44



RESOLUTION # 2

Article V - Receipts and Disbursements

WHEREAS Article V, Rules # 20 (i) & (ii) require a member to use a Pass Book and

WHEREAS the use of Pass Book has become obsolete and

WHEREAS Article X, Rules # 20 (i) and (ii) states

20. i) Money paid in or paid out on account of shares, deposits, loans, interest, entrance or Transfer fees or other savings shall be evidenced by an appropriate voucher or Receipt or by entries in a member's pass book. Each voucher or receipt or entry in the pass book shall identify the person receiving or paying out, on behalf of the Credit Union, the money represented thereby. When pass books are used, the Member's permanent official record for all transactions shall be the entries in the Pass book. When a statement of account plan is used, the member's permanent official record for transactions shall be the statement of account, which will itemize all transactions and which must be issued to each member at least quarterly.

ii) If a pass book is lost or stolen, immediate written notice of such fact must be given to the Treasurer and written application shall be made for the issue of a new pass book. The Directors may require the filing of an adequate bond to indemnify the Credit Union against any loss or losses resulting from the issuing of such duplicate pass book. The Directors may also require payment to the Credit Union of a reasonable charge to cover the cost of issuing a duplicate pass book.

BE IT RESOLVED that Rule # 20 (ii) be deleted and Rule # 20 (i) be amended to read as follows

Money paid in or paid out on account of shares, deposits, loans, interest, entrance or Transfer fees or other savings shall be evidenced by an appropriate voucher or Receipt. Each voucher or receipt shall identify the person receiving or paying out, on behalf of the Credit Union, the money represented thereon. When a statement of account plan is used, the member's permanent official record for transactions shall be the statement of account, which will itemize all transactions and which must be issued to each member at least half yearly or upon request.

RESOLUTION # 3

Article X – Supervisory Committee

WHEREAS Rules #49 does not address the attendance of Committee Members and

WHEREAS the Credit Union has a responsibility to ensure the Committee Members attend and contribute to the duties of the Committee on a regular basis

BE IT RESOLVED that the following be inserted as Rule # 49 (iv) to read as follows:

Any member of the Committee who without due excuse approved by the Committee fails to attend three (3) consecutive regular meeting of the Committee, shall be deemed to have vacated his office.

RESOLUTION # 4

Article XV – Banking Account – Disbursement for Funds – Investment

WHEREAS Rules # 69 refer to Rule 19 (ii) and

WHEREAS Rule # 19 (ii) was previously deleted

BE IT RESOLVED that Rule 69 be amended to read as follows

All disbursements of funds of the Credit Union except as provided in Rule 19 shall be made by cheque or other written instrument, signed by such duly authorized person(s) as the Board of Directors may by resolution from time to time determine

RESOLUTION # 5

Rule # 71 – Power to Borrow

Proposal for the Fixing of Maximum Liability up to December 2014

The Board of Directors may incur a liability in voluntary shares, deposit and /or loans from any source on such terms of payment and /or security, provided that the total liability shall not exceed a ratio of sixteen (16) times the Society's Capital.



DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES
(An agency of the Ministry of Industry, Investment, and Commerce)

ANY REPLY OR SUBSEQUENT REFERENCE
TO THIS COMMUNICATION SHOULD BE
ADDRESSED TO THE PERMANENT
SECRETARY AND THE FOLLOWING
REFERENCE QUOTED:-

2 MUSGRAVE AVENUE
KINGSTON 10

TEL: 927-4912/927-6572
or 978-1946
Fax: 927-5832

E-mail: dcfs@cwjamaica.com

S1
R297/-718/04/14

April 1, 2014

The Secretary
Jamaica Defence Force Co-operative Credit Union Limited
Up Park Camp
KINGSTON 5

Dear Sir/Madam:

Attention: Ms. Pat Tomlinson

The Department is in receipt of your letter dated March 28, 2014, seeking permission to hold your Annual General Meeting on April 16, 2014.

Please be advised that approval has been granted for your AGM (Annual General Meeting) to be held, however, at least seven (7) days notice should be given prior to the holding of the meeting and the booklets must be circulated to the members.

Your co-operation is anticipated

Yours sincerely,

.....
Lavern Gibson-Eccleston (Mrs.)
(FOR) REGISTRAR OF CO-OPERATIVE
SOCIETIES AND FRIENDLY SOCIETIES



JAMAICA DEFENCE FORCE CO-OPERATIVE
CREDIT UNION LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2013



KPMG
Chartered Accountants
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Jamaica, W.I.

P.O. Box 76
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Jamaica, W.I.
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Fax +1 (876) 922-7198
+1 (876) 922-4500
e-Mail firmmail@kpmg.com/jm

INDEPENDENT AUDITORS' REPORT

To the Registrar of Co-operative Societies
JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
(A Society Registered Under the Co-operative Societies Act)

Report on the Financial Statements

We have audited the financial statements of Jamaica Defence Force Co-operative Credit Union Limited, set out on pages 3 to 41, which comprise the statement of financial position as at December 31, 2013, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Co-operatives Societies Act, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Registrar of Co-operative Societies
JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
(A Society Registered Under the Co-operative Societies Act)

Report on the Financial Statements, cont'd

In our opinion, the financial statements give a true and fair view of the financial position of Jamaica Defence Force Co-operative Credit Union Limited as at December 31, 2013, and of its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Report on additional matters as required by the Co-operative Societies Act

In our opinion, proper accounting records have been maintained and the financial statements, which are in agreement therewith, are correct, duly vouched and in accordance with the provisions of the Co-operative Societies Act.



Chartered Accountants
Kingston, Jamaica

March 26, 2014

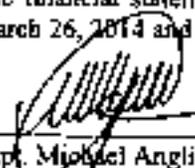
JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED*(A Society Registered Under the Co-operative Societies Act)*

Statement of Financial Position

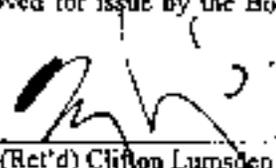
December 31, 2013

	Note	2013	2012*	2011*
ASSETS				
Earning assets:				
Loans, after provision for loan losses	3	943,705,694	772,250,886	664,931,868
Liquid assets	4	108,119,796	125,195,578	128,006,114
Financial investments	5	<u>42,044,733</u>	<u>35,312,009</u>	<u>30,648,878</u>
Total earning assets		<u>1,093,870,223</u>	<u>932,758,473</u>	<u>813,586,860</u>
Non-earning assets:				
Liquid assets	6	22,463,467	18,943,756	10,921,944
Other assets	7	6,799,241	5,393,309	5,577,459
Employee benefit asset	8	7,876,000	7,725,000	5,264,000
Property, plant & equipment	9	<u>13,839,084</u>	<u>15,616,667</u>	<u>11,068,107</u>
Total non-earning assets		<u>50,977,792</u>	<u>47,678,732</u>	<u>32,831,510</u>
TOTAL ASSETS		<u>\$1,144,848,015</u>	<u>980,437,205</u>	<u>846,418,370</u>
LIABILITIES				
Interest bearing:				
Savings deposits	10	378,313,933	332,526,462	283,797,382
Members' voluntary shares	11	264,814,830	254,177,463	249,359,254
External credits	12	<u>126,489,365</u>	<u>72,138,471</u>	<u>34,346,494</u>
		769,618,128	658,842,398	567,503,130
Non-interest bearing:				
Accounts payable and accruals	13	<u>37,562,929</u>	<u>32,040,813</u>	<u>30,659,195</u>
TOTAL LIABILITIES		<u>807,181,057</u>	<u>690,883,211</u>	<u>598,162,325</u>
EQUITY				
Members' permanent share capital	14	11,817,184	10,437,046	7,145,851
Non-institutional capital	15	81,457,886	50,740,633	53,027,808
Institutional capital	16	157,633,484	145,279,190	103,636,419
Undistributed surplus		<u>86,758,404</u>	<u>83,097,125</u>	<u>84,445,967</u>
TOTAL EQUITY		<u>337,666,958</u>	<u>289,553,994</u>	<u>248,256,045</u>
TOTAL LIABILITIES AND EQUITY		<u>\$1,144,848,015</u>	<u>980,437,205</u>	<u>846,418,370</u>

The financial statements, on pages 3 to 41, were approved for issue by the Board of Directors on March 26, 2014 and signed on its behalf by:



 Capt. Michael Anglin President



 Capt. (Ret'd) Clifton Lumsden Assistant Treasurer

* Restated (see note 25)

The accompanying notes form an integral part of the financial statements.



JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
(A Society Registered Under the Co-operative Societies Act)

Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2013

	<u>Note</u>	2013	2012*
Interest income:			
Loans to members		124,225,718	119,802,006
Investments and deposits		<u>5,435,370</u>	<u>5,527,511</u>
		<u>129,661,088</u>	<u>125,329,517</u>
Interest expense:			
Members' deposits		16,947,870	13,809,035
Members' voluntary shares		10,720,406	11,157,081
Other financial costs		6,723,521	6,193,650
		<u>34,391,797</u>	<u>31,159,766</u>
Net interest income		95,269,291	94,169,751
Less: provision for loan losses	3	(1,134,513)	(1,483,931)
		<u>94,134,778</u>	<u>92,685,820</u>
Non-interest income:			
Fees		16,170,507	31,612,377
Miscellaneous		<u>3,441,957</u>	<u>1,487,173</u>
		39,812,264	36,099,550
Gross margin		133,947,042	128,785,370
Less: operating expenses	18	(72,388,571)	(71,190,479)
Surplus for the year		61,558,471	57,594,891
Other comprehensive (loss)/income:			
Items that may not be reclassified to profit or loss:			
Re-measurement (loss)/gain on employee benefit asset		(1,538,000)	1,345,000
Items that may be reclassified to profit or loss:			
Change in fair value of available-for-sale investments		<u>613,678</u>	<u>393,918</u>
Total other comprehensive (loss)/income		<u>(924,322)</u>	<u>1,738,918</u>
Total comprehensive income for year		\$ 60,634,149	\$ 59,328,809

* Restated (see note 25)

The accompanying notes form an integral part of the financial statements.

JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED

(A Society Registered Under the Co-operative Societies Act)

Statement of Changes in Equity Year ended December 31, 2013

	Members' permanent share capital (note 14)	Non- institutional capital (note 15)	Institutional capital (note 16)	Undistributed surplus	Total
Balance at December 31, 2011, as previously stated	7,145,851	54,926,808	103,636,419	64,445,967	250,155,045
Prior year adjustment (note 25)	-	(1,899,000)	-	-	(1,899,000)
Balance at December 31, 2011, as restated	7,145,851	53,027,808	103,636,419	64,445,967	248,256,045
Total comprehensive income					
Surplus for the year, as previously stated	-	-	-	57,484,891	57,484,891
Prior year adjustment (note 25)	-	-	-	165,000	165,000
Surplus for the year as restated	-	-	-	57,589,891	57,589,891
Other comprehensive income					
Prior year adjustment (note 25)	-	-	-	1,345,000	1,345,000
Change in fair value of investments	-	393,918	-	-	393,918
Total comprehensive income as restated	-	393,918	-	58,934,891	59,328,809
Transactions with members, recorded directly in equity; contributions by and distributions to members; and others					
Unsecured loan reserve (note 15)	-	25,000,000	-	(25,000,000)	-
Share subscription and withdrawal	771,195	-	-	-	771,195
Permanent shares allotment	2,530,000	-	-	(2,530,000)	-
Dividends	-	-	-	(3,985,755)	(3,985,755)
General reserve (note 15)	-	(30,120,093)	16,120,093	-	-
Statutory reserve (note 16)	-	-	11,496,978	(11,496,978)	-
Share transfer	-	4,224,000	-	-	4,224,000
Appropriation of net surplus for 2011 (note 17)	-	-	-	(14,820,000)	(14,820,000)
Entrance fees	-	-	25,700	-	25,700
	3,291,195	1,514,907	1,646,771	(57,822,755)	16,630,360
Transfer to retirement benefit reserve					
Balance at December 31, 2012, as previously stated	-	1,011,000	-	(1,011,000)	-
Prior year adjustment (note 25)	-	1,450,000	-	(1,450,000)	-
As restated	-	2,461,000	-	(2,461,000)	-
Balance at December 31, 2012, as restated	10,437,046	50,740,633	145,279,190	83,097,123	289,553,992
Total comprehensive income for the year					
Surplus for the year	-	-	-	61,558,471	61,558,471
Re-measurement loss on employee benefit asset	-	-	-	(1,538,000)	(1,538,000)
Change in fair value of investments	-	613,628	-	-	613,628
	-	613,628	-	60,020,471	60,634,099
Transactions with members, recorded directly in equity; contributions by and distributions to members; and others					
Unsecured loan reserve (note 15)	-	30,000,000	-	(30,000,000)	-
Share subscription and withdrawal	1,380,138	-	-	-	1,380,138
Dividends	-	-	-	(3,391,698)	(3,391,698)
Statutory reserve (note 16)	-	-	12,311,694	(12,311,694)	-
Share transfer	-	(47,375)	-	-	(47,375)
Appropriation of net surplus for 2012 (note 17)	-	-	-	(10,534,800)	(10,534,800)
Retirement benefit reserve	-	151,000	-	(151,000)	-
Entrance fees	-	-	42,600	-	42,600
Balance at December 31, 2013	91,817,184	81,457,886	157,633,484	85,758,494	317,666,958

The accompanying notes form an integral part of the financial statements.

**JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED***(A Society Registered Under the Co-operative Societies Act)*

Statement of Cash Flows

Year ended December 31, 2013

	Note	2013	2012*
Cash flows from operating activities:			
Surplus for the year		61,558,471	57,589,891
Adjustments to reconcile net surplus for year to cash flows provided by operating activities:			
Interest income		(129,661,088)	(125,324,517)
Interest expense		34,391,797	31,159,766
Depreciation	9	1,968,733	1,833,204
Employee benefit asset		(1,689,000)	(1,176,000)
Provision for loan losses	5	<u>1,134,513</u>	<u>1,483,931</u>
		(32,296,574)	(34,373,725)
Interest received		129,885,515	125,903,892
Interest paid		(37,022,776)	(29,829,335)
Loans to members, net		(172,589,321)	(108,802,949)
Other assets		(1,630,359)	(393,225)
Accounts payable and accruals		(2,351,705)	(17,000,468)
Net cash used by operating activities		<u>(116,005,270)</u>	<u>(64,497,810)</u>
Cash flows from investing activities:			
Purchase of property, plant & equipment	9	(191,150)	(6,381,764)
Investments less unrealised gain		<u>(6,119,096)</u>	<u>(74,269,213)</u>
Net cash used by investing activities		<u>(6,310,246)</u>	<u>(80,650,977)</u>
Cash flows from financing activities:			
External credits, net		51,350,892	37,791,979
Members' savings deposits		45,787,471	48,729,080
Entrance fees		42,600	25,700
Dividends		(3,591,698)	(1,754,100)
Permanent and voluntary shares, net		11,970,130	<u>5,567,401</u>
Net cash provided by financing activities		<u>108,759,395</u>	<u>90,369,063</u>
Net (decrease)/increase in cash and cash equivalents		(13,556,071)	5,211,276
Cash and cash equivalents at beginning of year		<u>144,139,334</u>	<u>138,928,058</u>
Cash and cash equivalents at end of year		<u>\$130,583,263</u>	<u>144,139,334</u>
Comprised of:			
Liquid assets - non-earning	6	27,463,467	18,943,756
Liquid assets - earning	4	<u>108,119,796</u>	<u>125,195,578</u>
		<u>\$130,583,263</u>	<u>144,139,334</u>

* Restated (see note 25)

The accompanying notes form an integral part of the financial statements

JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements
Year ended December 31, 2013

1. **Identification**

The Jamaica Defence Force Co-operative Credit Union Limited (Co-operative) is incorporated under the laws of Jamaica and is registered under the Co-operative Societies Act. The Co-operative's registered office is located at Up Park Camp, Camp Road, Kingston Jamaica.

The Co-operative's main activities are the promotion of thrift, the provision of loans to members, exclusively for provident and productive purposes, at a reasonable rate of interest and to receive the savings of its members either as payments on shares or as deposits.

The Co-operative is exempt from Income Tax under Section 59 (1) of the Co-operative Societies Act and Section 12 of the Income Tax Act.

At December 31, 2013, the Co-operative employed 25 persons (2012: 25).

The Co-operative is a member of the Jamaica Co-operative Credit Union League (JCCUL).

2. **Statement of compliance, basis of preparation and significant accounting policies**

(a) **Statement of compliance:**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and comply in all material respects with the provisions of the Co-operative Societies Act.

New, revised and amended standards and interpretations effective during the year

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Co-operative has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, applicable to its operations, with a date of initial application of January 1, 2013. The nature and effects of the changes are as follows:

(i) **IFRS 13 Fair Value Measurement**

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs.

It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. Consequently, the Co-operative has included additional disclosures in this regard (see note 23).



JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations effective during the year (cont'd)

(i) *IFRS 13 Fair Value Measurement* (cont'd)

In accordance with the transitional provisions of IFRS 13, the Co-operative's applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Co-operative's assets and liabilities.

(ii) *Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)*

As a result of the amendments to IAS 1, items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future are presented separately from those that would never be reclassified to profit or loss. Also, the title of the statement has changed from Statement of Comprehensive Income to Statement of Profit or Loss and Other Comprehensive Income.

(iii) *Post employment defined benefit plans*

As a result of IAS 19 (2011), the Co-operative has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans.

Under IAS 19 (2011), the Co-operative determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit liability (asset) now comprises: interest cost on the defined benefit obligation, interest income on plan assets, and interest on the effect on the asset ceiling.

Previously, the Co-operative determined interest income on plan assets based on their long-term rate of expected return. Also, under the revised standard, actuarial gains and losses are recognised immediately in other comprehensive income. Previously, the Co-operative recognised actuarial gains and losses using the corridor method which required that to the extent that any cumulative unrecognised gains or losses exceeded 10% of the present value of the benefit obligation that portion was recognised in profit or loss over the expected average remaining working lives of the employees affected; otherwise, the actuarial gains or losses were not recognised.

The change has been applied retrospectively and relevant prior year financial statements amounts have been restated accordingly (see note 25).

2. Statement of compliance and basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that are not yet effective

At the date of authorisation of these financial statements, certain new, revised and amended standards and interpretations which have been issued are not yet effective at the reporting date and the Co-operative has not early-adopted. The Co-operative has assessed the relevance of all such new, revised and amended standards and interpretations with respect to its operations and has determined that the following may be relevant:

- *IFRS 9: Financial Instruments*, is effective for annual reporting periods beginning on or after January 1, 2017. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The standard includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39 *Financial Instruments: Recognition and Measurement* on the recognition and de-recognition of financial assets and financial liabilities. The Co-operative is assessing the impact that the standard may have on its 2017 financial statements.
- *Amendments to IAS 36: Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets*, which is effective for accounting periods beginning on or after January 1, 2014, reverse the unintended requirement in IFRS 13 *Fair Value Measurement*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. The amendment requires the recoverable amount to be disclosed only when an impairment loss has been recognised or reversed. The Co-operative is assessing the impact that this standard may have on its 2014 financial statements.
- *Amendments to IAS 32: Financial Instruments: Presentation* (effective for annual reporting periods beginning on or after January 1, 2014). The standard clarifies that an entity currently has a legal enforceable right to offset, if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all the counterparts. In addition, it clarifies that gross settlement is equivalent to net settlement, if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle. The Co-operative is assessing the impact that this standard may have on its 2014 financial statements.



JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

3. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that are not yet effective (cont'd)

- *Improvements to IFRS 2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments applicable to the company are as follows:
 - *IFRS 13 Fair Value Measurement* is amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.
 - *IAS 24 Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

The Co-operative is assessing the impact that this standard may have on its 2015 financial statements.

(b) Basis of preparation:

These financial statements have been prepared on the historical cost basis, except for the inclusion of certain available -for- sale investments at fair value.

(c) Functional and presentation currency:

The financial statements are presented in Jamaica dollars, which is the functional currency of the Co-operative.

(d) Use of estimates and judgements:

The preparation of the financial statements in conformity to IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and contingent liabilities at the statement of financial reporting date, and the income and expense for the year then ended. Actual amounts could differ from these estimates.

JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED

(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)

Year ended December 31, 2013

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(d) Use of estimates and judgements (cont'd):

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 revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Allowance for loan losses:

In determining amounts recorded for impairment of loan losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from loans, for example, repayment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired loans as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant loans and loans portfolio with similar characteristics, such as credit risks.

(ii) Pension benefits:

The amounts recognised in the statement of financial position and statement of profit or loss and other comprehensive income for pension benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include expected long-term return on plan assets and the discount rate used to determine the present value of estimated future cash flows required to settle the pension obligations.

The expected return on plan assets are assumed considering the long-term historical returns, asset allocation and future estimates of long-term investment returns. The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the Co-operative's obligations; in the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

(e) Property plant and equipment:

(i) Property plant and equipment:

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses [see note 2 (m)]. Cost includes expenditures that are directly attributable to the acquisition of the asset.



JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED

(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)

Year ended December 31, 2013

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(c) Property plant and equipment (cont'd):

(ii) Subsequent costs:

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part flow to the Co-operative and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss.

(iii) Depreciation:

Depreciation is recognised on the straight-line basis at rates estimated to write-off the relevant assets over their expected useful lives. However, depreciation is prorated on a monthly basis during the year of purchase. The rates used are as follows:

Computers & equipment	-	20% per annum
Furniture & fixtures	-	10% per annum
Building	-	2.5% per annum
Plant	-	10% per annum

The depreciation methods, useful lives and residual values, are reassessed at each reporting date.

(f) Investments:

Securities acquired or loans granted or other receivables that have a fixed or determinable payment and which are not quoted in an active market are classified as loans and receivables. An active market is one where quoted prices are readily and regularly available from an exchange dealer, broker or other agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. Debt investments that the Co-operative has the intent and ability to hold to maturity are classified as held-to-maturity. All other investments are classified as available-for-sale.

Loans and receivables, securities and held-to-maturity investments are initially measured at cost and subsequently amortised cost, calculated on the effective interest rate method, less impairment losses [see note 2 (n)]. Premiums and discounts are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument. Available-for-sale investments are measured initially at cost and subsequently at fair value with changes in fair value recognised directly in other comprehensive income, except, for impairment losses, and in the case of debt securities, foreign exchange gains and losses. Where fair value cannot be reliably measured, they are stated at cost. Where the securities are disposed of, or impaired, the related accumulated unrealised gains or losses are recognised in profit or loss. Equity securities are considered impaired when there is a prolonged or significant decline in fair value below the securities costs. Investments are recognised/derecognised on the day they are transferred to/from the Co-operative.

JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)
Year ended December 31, 2013 _____

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(f) Investments (cont'd).

Fair value is determined based on quoted market bid price. Where a quoted market price is not available, the fair value is estimated using discounted cash flows. The estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the statement of financial position date for an instrument with similar terms and conditions.

(g) Repurchase agreements:

A repurchase agreement ("reverse repo") is a short-term transaction whereby an entity buys securities and simultaneously agrees to resell them on a specified date and at a specified price. Repos are accounted for as short-term collateralised lending.

The Co-operative enters into repurchase agreements to resell substantially identical investments at a certain date in the future at a fixed price. The amounts paid are recognised as "securities purchased under resale agreements" and are collateralised by the underlying securities.

The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction and is included in interest income.

(h) Loans to members and provision for loan losses:

(i) Loans to members:

Loans are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Co-operative does not intend to sell immediately or in the near term. Loans are initially recorded at cost, which is cash given to originate the loan including the transaction costs, and are subsequently measured at amortised cost using the effective interest method less allowance for loan losses [see note (ii) below].

(ii) Allowance for loan losses:

An allowance for loan loss is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due according to the contractual terms will not be collected. Where a loan is identified as impaired, a specific provision is recorded against such loan to reduce it to its estimated recoverable amount. The recoverable amount is determined as the present value of the expected future cash flows discounted at the loan's original effective interest rate.



JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED

(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)

Year ended December 31, 2013

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(b) Loans to members and provision for loan losses (cont'd):

(ii) Allowance for loan losses (cont'd):

An allowance for loan loss is also made where there is objective evidence that a portfolio of similar loans is impaired. The expected cash flows for a portfolio of similar loans are estimated based on previous experience and considering the credit rating of the borrowers.

The guidelines stipulated by the Jamaica Co-operative Credit Union League ("JCCUL") require that the allowance for loan losses be stipulated percentages of total delinquent loans, the percentage varying with the period of delinquency, before considering securities held against such loans.

The allowance for loan losses required by the JCCUL that is in excess of the requirements of IFRS, is treated as an appropriation of undistributed surplus and included in a non-distributable loan loss reserve.

(i) Other assets:

Other assets are stated at cost less impairment losses (see note 2 m).

(j) Other payables and accruals:

Other payables and accruals are stated at amortised cost.

(k) Provisions:

A provision is recognised in the statement of financial position when the Co-operative has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(l) External credits:

External credits are recognised initially at cost. Subsequent to initial recognition, they are stated at amortised cost on an effective interest basis.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(m) Impairment:

The carrying amounts of the Co-operative's assets, other than loans to members [see note 2 h (ii)], are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each statement of financial position date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Calculation of recoverable amount:

The recoverable amount of the Co-operative's loans and receivables, held-to-maturity investments and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(ii) Reversals of impairment:

In respect of loans and receivables, held-to-maturity investments and receivables, the impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) Interest, fee and dividend income:

Interest income is recognised in profit or loss as it accrues, taking into account the effective yield of the asset.

Fee income is recognised when the related service is provided.

Dividend income is recognised when the right to receive payment is established.



JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(o) Foreign currencies:

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jamaica dollars at the rates of exchange ruling on that date. Gains and losses arising from fluctuations in exchange rates are recognised in profit or loss.

(p) Employee benefits:

Employee benefits are all forms of consideration given by the Co-operative in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual vacation leave, and non-monetary benefits such as post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave.

Employee benefits comprising pension asset included in the financial statements have been actuarially determined by a qualified independent actuary, appointed by JCCUL. The actuarial valuations were conducted in accordance with IAS 19, and the financial statements reflect the Co-operative's pension asset as computed by the actuary.

In carrying out their audit, the auditors rely on the work of the actuary and the actuary's report.

The Co-operative's net obligation in respect of the defined benefit pension plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to the yield at the statement of financial position date on long-term government bonds with dates approximating the terms of the related liability. The calculation is performed by a qualified actuary, using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Co-operative determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED

(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)

Year ended December 31, 2013

2 Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(p) Employee benefits (cont'd):

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Co-operative recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Where the calculation results in a benefit to the Co-operative, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

(q) League fees and stabilisation dues:

JCCUL has determined the rate of calculating league fees at 0.25% (2012: 0.25%) of total assets. Stabilisation dues are computed at a rate of 0.35% (2012: 0.35%) of total savings.

(r) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include loans to members, financial investments, liquid assets and other assets. Similarly, financial liabilities include savings' deposits, external credits, members' voluntary shares, accounts payable and accruals.

(i) Recognition:

The Co-operative initially recognises assets on the trade date at which the Co-operative becomes a party to the contractual provisions of the instrument.

(ii) Derecognition:

The Co-operative derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Co-operative is recognised as a separate asset or liability.

The Co-operative derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.



JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED

(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)

Year ended December 31, 2013

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(s) Determination of fair values:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Some financial instruments lack an available trading market. These instruments have been valued using present value or other valuation techniques and may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

3. Loans to members

	<u>2013</u>	<u>2012</u>
Balance at start of year	772,250,886	664,911,868
Loans granted	<u>903,173,599</u>	<u>906,768,627</u>
	1,675,424,485	1,571,700,495
Less repayments	(728,525,029)	(792,306,907)
	946,899,456	774,393,588
Less: Provision for loan losses	(3,193,762)	(2,142,702)
	\$ 943,705,694	772,250,886

Delinquent loans:

The following is a summary of delinquent loans at December 31, 2013:

<u>Period overdue</u>	<u>Number of members</u>	<u>Loans in arrears</u> \$	<u>Savings held</u> \$	<u>Exposure</u> \$	<u>Rate (%)</u>	<u>Loan loss provision required</u> \$
< 2 months	2	1,159,342	5,585	1,153,757	-	-
2 - 3 months	1	5,926,675	107,999	5,818,676	10	592,667
3 - 6 months	7	1,579,462	22,665	1,556,797	30	473,819
6 - 12 months	8	567,616	29,278	538,338	60	340,571
> 12 months	13	<u>1,786,685</u>	<u>107,192</u>	<u>1,679,493</u>	100	<u>1,786,685</u>
		11,019,780	272,719	10,747,061		3,193,762

Based on past experience, the Co-operative believes that no impairment allowance is necessary in respect of loans to members not past due or impaired as the delinquency ratio has been historically low.

JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED*(A Society Registered Under the Co-operative Societies Act)*

Notes to the Financial Statements (Continued)

Year ended December 31, 2013

3. Loans to members (cont'd)

Allowance for loan losses:

	<u>2013</u>	<u>2012</u>
Balance at start of year	2,142,702	1,361,102
Provided during the year	1,134,513	1,183,931
Accounts written off	(82,453)	(702,331)
Balance at end of year	\$3,193,762	2,142,702

Provisions made are in accordance with JCCUL provisioning requirements.

In keeping with IFRS, the general provision is included in loan loss reserve and treated as an appropriation of undistributed surplus.

Loans, net of provision for probable losses are due from the reporting date as follows:

	<u>2013</u>	<u>2012</u>
Within 1-3 months	7,792,671	9,553,094
From 3 months to 1 year	211,924,229	144,430,925
From 1 year to 5 years	315,932,529	214,772,818
Over 5 years	<u>508,036,265</u>	<u>403,694,059</u>
	\$943,705,694	772,250,886

4. Earning assets – liquid assets

	<u>2013</u>	<u>2012</u>
JMMB Securities Ltd. – Repurchase agreement (i)	-	2,027,580
Jamaica Money Market Brokers Limited – Repurchase agreement (i)	23,700,973	20,279,815
JCCUL – Repurchase agreement (i)	23,819,369	-
JCCUL – Certificates of deposit	-	22,634,587
JCCUL – CU Cash	<u>60,599,454</u>	<u>80,253,596</u>
	\$108,119,796	125,195,578

(i) The fair value of securities purchased under resale agreement is assumed to approximate their carrying value, due to their short-term nature.



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Notes to the Financial Statements (Continued)

Year ended December 31, 2013

5. <u>Financial investments</u>	2013				Carrying Value 2013
	Within 3 Months	1 to 5 years	No fixed maturity date	Total non-current	
<u>Loans and receivables</u>					
Deposits - JCCUL - CLETS	-	2,580,843	-	2,580,843	2,580,843
Deposits - JCCUL - CU Premium	8,343,672	-	-	-	8,343,672
Deposits - JCCUL - Mortgage fund	-	10,509,594	-	10,509,594	10,509,594
Deposits - Victoria Mutual Building Society Mortgage fund	-	2,017,566	-	2,017,566	2,017,566
	<u>8,343,672</u>	<u>15,108,003</u>	-	<u>15,108,003</u>	<u>23,451,675</u>
<u>Available-for-sale</u>					
JCCUL - permanent shares	-	-	2,007,555	2,007,555	2,007,555
JCCUL - unlisted shares	-	-	836,636	836,636	836,636
Quality Network Co-operative - shares	-	-	227,042	227,042	227,042
JAMB Investment GilbeJge Fund - Units	-	-	1,619,323	1,619,323	1,619,323
Busta Money Market Fund - Units	-	-	13,902,502	13,902,502	13,902,502
	-	-	<u>18,593,058</u>	<u>18,593,058</u>	<u>18,593,058</u>
Total	<u>8,343,672</u>	<u>15,108,003</u>	<u>18,593,058</u>	<u>33,791,661</u>	<u>42,244,733</u>
	2012				
	Remaining to maturity				Carrying Value 2012
Within 3 Months	1 to 5 years	No fixed maturity date	Total non-current		
<u>Loans and receivables</u>					
Deposits - JCCUL - CLETS	-	2,493,300	-	2,493,300	2,493,300
Deposits - JCCUL - CU Premium	7,854,957	-	-	-	7,854,957
Deposits - JCCUL - Mortgage fund	-	10,098,179	-	10,098,179	10,098,179
Deposits - Victoria Mutual Building Society Mortgage fund	-	1,876,143	-	1,876,143	1,876,143
	<u>7,854,957</u>	<u>14,467,622</u>	-	<u>14,467,622</u>	<u>22,332,579</u>

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Notes to the Financial Statements (Continued)

Year ended December 31, 2013

5. Financial investments (cont'd)

			2012		Carrying Value 2012
	Within 3 Months	1 to 5 years	No fixed maturity date	Total non-current	
Loans and receivables owed	2,364,957	14,467,622	-	14,467,622	27,232,579
<u>Available-for-sale</u>					
JCCUL - permanent shares	-	-	2,007,555	2,007,555	2,007,555
JCCUL - unlisted shares	-	-	836,636	836,636	836,636
Quality Network Co-operative shares	-	-	227,042	227,042	227,042
Barina Money Market Fund - Units	-	-	9,908,197	9,908,197	9,908,197
	-	-	12,979,430	12,979,430	12,979,430
Total	2,364,957	14,467,622	12,979,430	27,417,052	35,312,069

6. Non-earning assets - liquid

	2013	2012
Cash in hand	1,242,694	2,330,358
Bank account balance	21,220,773	16,613,398
	\$22,463,467	18,943,756

7. Non-earning assets - other

	2013	2012
General Consumption Tax	-	60,587
Withholding tax recoverable	2,535,030	2,372,752
Interest receivable	253,584	478,012
Other receivable	2,939,597	4,362,673
Prepaid expenses	1,071,030	798,739
	6,799,241	8,072,763
Less: Allowance for doubtful debts	-	(2,679,454)
	\$ 6,799,241	5,393,309

8. Employee benefit asset

The Co-operative participates in a defined benefit plan operated by the Jamaica Co-operative Credit Union League Limited. This is a contributory pension scheme that is jointly funded by payments from employees of at least 5% (with 5% optional additional contribution) and by the Co-operative at 8% of the employee's taxable remuneration, taking into account the recommendations of independent qualified actuaries.

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Notes to the Financial Statements (Continued)

Year ended December 31, 2013**8. Employee benefit asset (cont'd)****(a) Employee benefit asset:**

	<u>2013</u>	<u>2012</u>
Present value of funded obligations	(17,016,000)	(15,238,000)
Fair value of plan assets	24,892,000	22,963,000
	<u>\$ 7,876,000</u>	<u>7,725,000</u>

(b) Movements in the present value of funded obligations are as follows:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	(15,238,000)	(13,436,000)
Benefit paid	808,000	42,000
Current service and interest costs	<u>(4,424,000)</u>	<u>(4,286,000)</u>
	<u>(18,854,000)</u>	<u>(17,680,000)</u>
Re-measurement actuarial gain:		
- experience adjustments	1,162,000	138,000
- changes in financial assumptions	676,000	2,304,000
	<u>1,838,000</u>	<u>2,442,000</u>
	<u>\$ (17,016,000)</u>	<u>(15,238,000)</u>

(c) Movements in the plan assets recognised in the statement of financial position are as follows:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	22,963,000	18,700,000
Contributions paid	3,668,000	3,421,000
Interest income on plan assets	2,562,000	2,087,000
Benefit paid	<u>(808,000)</u>	<u>(42,000)</u>
Administrative expense	<u>(117,000)</u>	<u>(106,000)</u>
Re-measurement actuarial loss	<u>(3,376,000)</u>	<u>(1,097,000)</u>
	<u>\$24,892,000</u>	<u>22,963,000</u>

Plan assets consist of the following:

	<u>2013</u>	<u>2012</u>
J\$ Debenture	11,909,000	11,369,000
Repurchase agreements	5,245,000	5,983,000
Investment properties	3,666,000	3,470,000
US\$ Debentures	1,699,000	712,000
J\$ Certificate of deposits	1,073,000	-
Quoted equities	568,000	629,000
Real estate investment trust fund	235,000	241,000
Net current assets	<u>497,000</u>	<u>559,000</u>
	<u>\$24,892,000</u>	<u>22,963,000</u>

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Notes to the Financial Statements (Continued)

Year ended December 31, 2013

8. Employee benefit asset (cont'd)

(d) Amounts recognised in profit or loss are as follows:

	<u>2013</u>	<u>2012</u>
Current service cost	1,261,000	1,358,000
Interest cost on obligation	1,638,000	1,511,000
Administrative expense	117,000	106,000
Interest income on plan assets	<u>(2,562,000)</u>	<u>(2,087,000)</u>
	\$ 454,000	888,000

(e) Items in other comprehensive income:

	<u>2013</u>	<u>2012</u>
Re-measurement gain on obligation	(1,838,000)	(2,642,000)
Re-measurement loss on plan assets	<u>3,376,000</u>	<u>1,097,000</u>
	\$1,538,000	(1,545,000)

(f) Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	<u>2013</u>	<u>2012</u>
Discount rate	9.5%	10.5%
Salary increases	6.5%	8%
Price inflation	5.5%	6%
Pension increases	2.75%	3%

(g) Sensitivity analysis of key economic assumptions:

An change in the defined benefit obligation from one percent (1%) change in each of the key economic assumptions is shown below.

	<u>2013</u>		<u>2012</u>	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	(6,062)	5,751	(5,591)	5,058
Future salary increases	3,858	(3,051)	3,400	(2,702)
Future pension increases	1,355	(1,189)	1,169	(1,030)

This analysis assumes that all other variables remain constant.

(h) Impact on defined benefit obligation of a one year increase in life expectancy:

The effect on the defined benefit obligation of an increase of one year in the life expectancy is about \$0.41 million.



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Notes to the Financial Statements (Continued)
 Year ended December 31, 2013

9. Property, plant & equipment

	Furniture & Fixtures	Computers	Equipment	Container	Leasehold improvement	Total
At cost:						
December 31, 2011	2,811,389	2,398,746	4,045,389	7,025,785	3,154,687	18,436,996
Additions	<u>382,568</u>	<u>256,470</u>	<u>613,403</u>	-	<u>5,029,323</u>	<u>6,381,764</u>
December 31, 2012	3,294,957	2,655,216	4,658,792	7,025,785	8,184,010	24,818,760
Additions	<u>61,250</u>	<u>129,900</u>	-	-	-	<u>191,150</u>
December 31, 2013	<u>3,356,207</u>	<u>2,785,116</u>	<u>4,658,792</u>	<u>7,025,785</u>	<u>8,184,010</u>	<u>25,009,910</u>
Depreciation:						
December 31, 2011	1,259,618	1,618,608	1,795,125	698,482	1,397,056	7,368,889
Charge for the year	<u>381,858</u>	<u>169,228</u>	<u>493,334</u>	<u>692,077</u>	<u>196,707</u>	<u>1,833,204</u>
December 31, 2012	2,141,476	1,787,836	2,288,459	1,390,559	1,593,763	9,202,093
Charge for the year	<u>138,983</u>	<u>338,931</u>	<u>388,523</u>	<u>695,059</u>	<u>407,237</u>	<u>1,968,733</u>
December 31, 2013	<u>2,280,459</u>	<u>2,126,767</u>	<u>2,676,982</u>	<u>2,085,618</u>	<u>2,001,000</u>	<u>11,170,826</u>
Net book value:						
December 31, 2013	\$1,075,748	658,349	1,981,810	4,940,167	6,183,010	13,839,984
December 31, 2012	\$1,153,481	867,380	2,370,333	5,635,226	6,590,247	15,616,667

10. Savings deposits

	2013	2012
Term deposits	60,028,927	49,384,111
SHYDA deposits	145,543,361	142,050,095
Regular deposits	71,868,509	61,567,477
Partner plan	16,077,906	12,577,686
SWYS Plus	64,083,493	45,409,660
Christmas special	403,607	318,730
Golden Harvest	<u>20,348,130</u>	<u>21,218,403</u>
	\$378,313,933	332,526,462

11. Members' voluntary shares

	2013	2012
Balance at beginning of the year	254,177,463	249,359,254
Add new deposits	<u>422,363,943</u>	<u>434,566,106</u>
	676,541,406	683,925,360
Less withdrawals and transfers	<u>(411,726,576)</u>	<u>(429,747,897)</u>
	\$264,814,830	254,177,463

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Notes to the Financial Statements (Continued)

Year ended December 31, 2013

11. Members' voluntary shares (cont'd)

Voluntary shares have no par value and are not a part of risk capital. The following rights and restrictions are attached to members' voluntary shares:

- (i) Moneys paid into voluntary shares may be withdrawn in whole or in part on any day when the Co-operative is open for business, but the Board of Directors shall reserve the right at any time to require a member to give notice not exceeding six (6) months; provided however that no member may withdraw any shareholdings below the amount of his liability to the Co-operative as a borrower or co-maker.
- (ii) Voluntary shares shall be treated as liabilities of the Co-operative.
- (iii) Subject to the profitability of the Co-operative, the Board of Directors may recommend the declaration and payment of dividends on voluntary shares in amounts and at times as it may determine.
- (iv) The Co-operative shall have a lien on all voluntary shares and deposits of a member for and to the extent of any sum due to the Co-operative from the said member or any loan endorsed by him.
- (v) Voluntary shares shall be required to utilize the products and services of the Co-operative as determined by the Board of Directors from time to time.

12. External credits

	<u>2013</u>	<u>2012</u>
JCCUL – Mortgage loan (i)	11,889,547	12,713,658
JCCUL – Liquidity support loan (ii)	66,800,624	15,335,269
Other (iii)	52,799,194	49,189,546
	<u>\$126,489,365</u>	<u>77,238,473</u>

- (i) This represents four loans granted by JCCUL to the Co-operative and bears interest at 7% per annum. The loans are lent by the Co-operative to its members and bears interest at 12% per annum. The repayment terms are based on the tenure of the mortgage contracts.
- (ii) This represents the balance on three loans with original amounts of \$35 million, \$30 million and \$10 million, granted to the Co-operative by the JCCUL. Two loans with original amounts of \$35 million and \$10 million, respectively, each bears interest at 10.25% and is repayable within 12 months. Original loan amount of \$30 million bears interest at 11% and matures in December 2016.
- (iii) This represents loans from various Jamaica Defence Force entities and related parties, which are not members of the Co-operative. These loans bear interest at various rates, depending on the deposit amount, and are repayable within 12-15 months.



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Notes to the Financial Statements (Continued)

Year ended December 31, 2013

13. Accounts payable and accruals

	2013	2012
IT enhancements	10,528	1,763,698
Withholding tax	1,912,400	685,344
Audit & accounting fees	1,250,000	1,559,986
Other payables and accruals	25,410,431	24,158,567
Unclaimed deposits	4,928,731	730,425
Standing order	1,795,409	1,897,326
Online ATM payable	1,225,430	(344,533)
Scholarship fund	<u>1,030,000</u>	<u>1,490,000</u>
	\$37,562,929	32,040,813

14. Members' permanent share capital

Permanent shares are shares issued at no par value, paid up in cash and invested as risk capital which forms a permanent part of the capital of the Co-operative, and are issued with rights and restrictions based on the rules of the Co-operative. Permanent shares may be redeemable subject to transfer, sale or re-purchase; but the Board of Directors reserves the right at any time to require a member to give notice not exceeding six months, provided that the member is not liable to the Co-operative as a borrower, endorser, co-maker or guarantor without the approval of the Board of Directors.

15. Non-institutional capital

	2013	2012*
General reserve	2,080,326	2,127,701
Retirement benefit reserve	7,876,000	7,725,000
Reserve for unsecured loan	70,000,000	40,000,000
Investment reserve	<u>1,501,560</u>	<u>887,932</u>
	\$81,457,886	50,740,633

General reserve:

General reserve is established from time to time by amounts appropriated from undistributed surplus, which in the opinion of the directors, are necessary to support the operations of the Co-operative and thereby, protect the interest of the members. The amount transferred is determined at the Annual General Meeting. In the prior year an amount of \$30,120,093 previously approved by the directors for building fund reserve was transferred to capital reserves see (note 16).

Retirement benefit reserve:

The retirement benefit reserve represents pension surplus arising on the IAS 19 actuarial valuation of the pension scheme in which the Co-operative participates. Annual changes in the value of the scheme are shown in the surplus for the year and other comprehensive income, then transferred to this reserve.

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Notes to the Financial Statements (Continued)
Year ended December 31, 2013

15. Non-institutional capital (cont'd)

Retirement benefit reserve:

The retirement benefit reserve represents pension surplus arising on the IAS 19 actuarial valuation of the pension scheme in which the Co-operative participates. Annual changes in the value of the scheme are shown in the surplus for the year, then transferred to this reserve.

Reserve for unsecured loan:

The reserve represents an amount set aside to support unsecured loans granted to members. The amount transferred is determined at the Annual General Meeting.

Investment reserve:

Annual changes in the fair value of certain available-for-sale investments are shown in the other comprehensive income then transferred to this reserve.

* Restated (see note 25)

16. Institutional capital

	<u>2013</u>	<u>2012</u>
Statutory reserve	123,281,846	110,979,152
Capital reserve	34,078,368	34,078,368
	157,360,214	145,048,520
Entrance fees	<u>273,270</u>	<u>230,670</u>
	\$157,633,484	145,279,190

Institutional capital forms a part of the permanent capital of the Co-operative and is not available for distribution.

Statutory reserve:

The statutory reserve is maintained in accordance with the provisions of the Co-operative Societies Act, which requires that a minimum of 20% of net surplus be carried to a reserve fund. Upon application by a Registered Co-operative, the Registrar may allow the required percentage to be reduced, but not below 10%. The transfer is calculated on profits net of loan loss reserve.

Capital reserve:

Capital reserve is increased from time to time by amounts appropriated from undistributed surplus, which in the opinion of the directors, are necessary to support the operations of the Co-operative and thereby, protect the interest of the members. The amount transferred is determined at the Annual General Meeting.

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Notes to the Financial Statements (Continued)

Year ended December 31, 2013

17. Honoraria

This balance includes \$1,504,800 (2012: \$1,320,000) for honoraria which represent payments made to volunteers of the Co-operative for contributions made in furtherance of the Co-operative's activities. These amounts are determined by members at their annual general meeting and are treated as distributions from the Co-operative's surplus for the year, normally paid in the ensuing financial year. This is consistent with the rules of the Co-operative.

18. Operating expenses

	2013	2012*
Administrative expenses:		
Salaries, allowance and contributions	41,108,497	38,923,473
Staff benefits	3,526,599	3,714,523
Staff training	318,547	1,516,521
Pension	<u>481,938</u>	<u>886,660</u>
	<u>45,335,581</u>	<u>45,041,177</u>
General overheads:		
Audit fees	1,250,000	1,307,160
Bad debt expense	103,362	2,679,454
Professional & accounting fees	301,060	551,084
Printing, stationery and office supplies	2,521,131	2,175,388
Travel and subsistence	366,540	255,592
Office expenses	2,886,265	2,460,032
Telephone, cable, postage & telegram	787,425	740,929
Depreciation & impairment	1,968,733	1,833,204
Repairs and maintenance equipment & building	359,657	135,965
Insurance premiums	4,607,035	4,125,856
Other administration expenses	338,502	1,447,395
	<u>15,489,720</u>	<u>12,712,059</u>
Affiliation & representation:		
League fees and dues	5,213,480	3,944,322
League Annual General Meeting	1,620,448	1,191,423
Board & Committee Meetings	2,635,290	1,910,097
Annual General Meeting	<u>2,094,052</u>	<u>1,391,401</u>
	<u>11,563,270</u>	<u>8,437,243</u>
Total operating expenses	\$72,388,571	71,190,479

* Restated (see note 25)

Notes to the Financial Statements (Continued)
 Year ended December 31, 2013

19. Staff and volunteers' loans and deposits

Loans to members include loans granted to members of staff, the Board of Directors and members of supervisory and credit committees as follows:

	<u>Number</u>	<u>Loans</u> \$	<u>Shares & deposits</u> \$
Staff	18	18,900,532	3,345,155
Key management personnel	7	19,398,079	2,687,897
Volunteers	26	37,752,528	13,776,815

Loans to staff are granted at concessionary rates of interest. For other loans, no special conditions were attached and the conditions of repayment have been complied with.

20. Related parties

A related party is a person or entity that is related to the Co-operative if:

- (a) A person or close member of that person's family is related to the Co-operative if that person:
 - (i) has control or joint control over the Co-operative;
 - (ii) has significant influence over the Co-operative; or
 - (iii) is a member of the key management personnel of the Co-operative.
- (b) An entity is related to the Co-operative if any of the following conditions applies:
 - (i) The entity and Co-operative are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Co-operative or an entity related to the Co-operative.
 - (vi) The entity is controlled, or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).



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Notes to the Financial Statements (Continued)

Year ended December 31, 2013

20. Related parties (cont'd)

The Co-operative is exempt from disclosure requirements in relation to related party transactions and outstanding balances, including commitments, with:

- (i) a government that has control, joint control or significant influence over the Co-operative; and
- (ii) another entity that is a related party because the same government has control, joint control or significant influence over both the Co-operative and the other entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(i) Identity of related parties:

The Co-operative has a related party relationship with its directors and key management personnel and the pension scheme. Related party balances are disclosed in note 19.

(ii) Key management personnel compensation is as follows:

	2013	2012
	\$	\$
Short-term employee benefits	10,922,609	9,707,063

21. Insurance

The Co-operative maintained life, savings and loan protection insurance coverage during the year. Premiums of \$158,000 (2012: \$150,868) for fidelity insurance coverage was paid during the year.

22. Comparison of ledger balances

	Members' Savings deposits	Loans	Members' Voluntary shares
General ledger	378,313,933	946,899,456	264,814,830
Members' ledger	(378,313,933)	(946,899,456)	(264,814,830)
Differences as at December 31, 2013	\$ -	-	-
Differences as at December 31, 2012	\$ -	-	-

23. Fair values

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

(a) Fair value measurement principles:

Fair value is the arm's length consideration for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties which are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

(b) Determination of fair value:

A financial asset or liability is measured initially at fair value. The best evidence of fair value at initial recognition is the transaction price, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When a transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss.

A market is regarded as active if quoted prices are readily and regularly available from an exchange dealer, broker or other agency and represent actual and regularly occurring market transactions on an arm's length basis. In the absence of an active market, other valuation techniques are used. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the co-operative and is consistent with accepted economic methodologies for pricing financial instruments.

Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. Any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured, is stated at cost, including transaction costs, less impairment losses.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the reporting date for an instrument with similar terms and conditions.

The estimated fair values of liquid assets, financial investments, other assets and other liabilities, are assumed to approximate their carrying values due to their short-term nature.

The fair value of the quoted equities is determined based on their quoted bid price at the statement of financial position date. The fair value of Government of Jamaica securities is estimated by discounting the future cash flows of the securities at the estimated yields at the statement of financial position date for similar securities. The estimated fair values of loans to members are assumed to be the principal receivable less any allowance for loan losses.



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Notes to the Financial Statements (Continued)

Year ended December 31, 2013 _____

23. Fair values (cont'd)

(b) Determination of fair value (cont'd):

The fair value of external credits, deposits payable on demand or after notice, and deposits with a variable or floating rate payable on a fixed date are assumed to be equal to their carrying values. The estimated fair values of fixed rate deposits payable within a year are assumed to approximate their carrying values, due to their short-term nature.

No quoted price is available for shares held in JCCUL and fair value cannot otherwise be determined as there is no available market for this or similar instruments. There is no intention to dispose of these instruments.

(c) Fair value of financial instruments:

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: discounted cash flow technique using inputs from observable market data, i.e. average of several broker-dealer market indicative yields in active markets for identical assets or liabilities.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in the active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on arms length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1.

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
of Society Registered Under the Co-operative Societies Act

Notes to the Financial Statements (Continued)
 Year ended December 31, 2013

23. Fair values (continued)
 (c) Fair value of financial instruments (cont'd):

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	December 31, 2013					
	Notes	Loans and receivables	Available for sale	Other financial liabilities	Total	Fair value
	\$	\$	\$	\$	\$	\$
Financial assets measured at fair value:						
Financial investments	5	-	15,521,825	-	15,521,825	15,521,825
Financial assets not measured at fair value:						
Loans, after provision for loan losses	3	943,765,694	-	-	943,765,694	-
Liquid assets, tangible assets	4	108,119,796	-	-	108,119,796	-
Financial investments	5	23,451,675	3,071,233	-	26,522,908	-
Other assets, non-earning assets	7	3,193,181	-	-	3,193,181	-
Liquid assets, non-earning assets	6	22,463,467	-	-	22,463,467	-
		1,100,933,810	3,071,233	-	1,104,005,043	-
Financial liabilities not measured at fair value:						
Savings deposits	10	-	-	378,313,933	378,313,933	-
Members' voluntary shares	11	-	-	264,814,830	264,814,830	-
External credits	12	-	-	126,489,365	126,489,365	-
Accounts payable and accrued	13	-	-	37,562,929	37,562,929	-
		-	-	807,181,057	807,181,057	-



JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
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Notes to the Financial Statements (Continued)
 Year ended December 31, 2013

23. Fair values (continued)

(c) Fair value of financial instruments (cont'd).

Accounting classifications and fair values (cont'd)

	December 31, 2012				Fair value		
	Loan and receivables	Available for-sale	Other financial instruments	Total	Level 1	Level 2	Level 3
	\$	\$	\$	\$	\$	\$	\$
Financial assets measured at fair value:							
Financial investments	\$ -	9,908,197	-	9,908,197	-	9,908,197	-
Financial assets not measured at fair value:							
Loans, after provision for losses	3	772,250,886	-	772,250,886	-	-	-
Liquid assets, earning assets	4	125,493,578	-	125,493,578	-	-	-
Financial investments	5	22,332,579	-	22,332,579	-	-	-
Other assets, non-earning assets	7	2,161,231	-	2,161,231	-	-	-
Liquid assets, non-earning assets	6	18,943,759	-	18,943,759	-	-	-
		940,864,430	-	940,864,430	-	-	-
Financial liabilities not measured at fair value:							
Swaps deposits	10	-	332,526,462	332,526,462	-	-	-
Members' voluntary shares	11	-	254,177,463	254,177,463	-	-	-
General credits	12	-	72,138,473	72,138,473	-	-	-
Accounts payable and accruals	13	-	32,040,813	32,040,813	-	-	-
		-	690,883,211	690,883,211	-	-	-

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

24. Financial risk management

(a) Introduction and overview

The Co-operative has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Co-operative's risk management framework. The Co-operative's risk management policies are established to identify and analyse the risks faced by the Co-operative, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Board, through its various committees is responsible for monitoring compliance with the Co-operative's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Co-operative.

(b) Credit risk

Credit risk is the risk of financial loss to the Co-operative if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Co-operative's loans to members, deposits with other institutions and investment securities. There is also credit risk exposure in respect of off-balance sheet financial instruments such as loan commitments and guarantees. They expose the Co-operative to similar risks as loans and are managed in same manner.

(i) Loans to members and guarantees

The management of credit risk in respect of loans to members is delegated to the Credit Committee. The Committee is responsible for oversight of the Co-operative's credit risk, including formulating credit policies, establishing the authorisation structure for the approval of credit facilities, reviewing and assessing credit risk, limiting concentration of exposure to counterparties and developing and maintaining the Co-operative's risk gradings. There is a documented credit policy in place which guides the Co-operative's credit review process.



JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED

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Notes to the Financial Statements (Continued)

Year ended December 31, 2013

24 Financial risk management (cont'd)

(b) Credit risk (cont'd)

(i) Loans to members and guarantees (cont'd)

Collateral

The Co-operative holds collateral against loans to members in the form of mortgage interests over property, lien over motor vehicles, other registered securities over assets and hypothecation of shares held in the Co-operative and guarantees. Estimates of fair values are based on value of collateral assessed at the time of borrowing and are generally not updated except when a loan is individually assessed as impaired. Collateral is not generally held against deposits and investment securities, except when the securities are held as part of reverse repurchase agreements. An estimate made at the time of borrowing of the fair value of collateral held against financial assets as at the reporting date was \$508,516,908 (2012: \$456,884,277)

Impaired loans

Impaired loans are loans for which the Co-operative determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loans.

Past due but not impaired loans

These are loans where contractual interest or principal payments are past due but the Co-operative believes that impairment is not appropriate on the basis of the level of security available or the stage of collection of amounts owed to the Co-operative.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the member's financial position and where the Co-operative has made concessions that it would not otherwise consider. Once the loan is restructured, it remains in this category irrespective of satisfactory performance after restructuring.

Allowances for impairment

The Co-operative established an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established on a group basis in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

24. **Financial risk management (cont'd)**

(b) **Credit risk (cont'd)**

(i) **Loans to members and guarantees (cont'd)**

Write-off policy

The Co-operative writes off a loan (and any related allowances for impairment losses) when the Co-operative determines that it is uncollectible. This determination is usually made after considering information such as changes in the borrower's financial position, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

(ii) **Deposits and investment securities**

The Co-operative limits its exposure to credit risk by investing only in liquid assets and only with counterparties that have a high credit quality and Government of Jamaica securities. Therefore, management does not expect any counterparty to fail to meet its obligations.

(iii) **Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure as at the statement of financial position date.

There has been no change to the nature of the Co-operative's exposure to credit risk or the manner in which it manages and measures the risk.

(c) **Liquidity risk**

Liquidity risk is the risk that the Co-operative will encounter difficulty in meeting obligations from its financial liabilities. The Co-operative's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal or stressed conditions. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed facilities. The Co-operative manages this risk by keeping a substantial portion of its financial assets in liquid form in accordance with regulatory guidelines.

The Co-operative is subject to a liquidity limit imposed by the League and compliance is regularly monitored. The key measure used by the Co-operative for managing liquidity risk is the ratio of liquid assets, minus short-term liabilities, to total savings deposits. For this purpose, liquid assets include cash and bank balances, deposits held with JCCU, and highly liquid investments which are readily converted into cash within three months. The liquid asset ratio at the end of the year was 17% (2012: 13.47%).

There has been no change to the nature of the Co-operative's exposure to liquidity risk or the manner in which it manages and measures the risk.

**JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED***(A Society Registered Under the Co-operative Societies Act)*

Notes to the Financial Statements (Continued)

Year ended December 31, 2013

24. Financial risk management (cont'd)**(c) Liquidity risk (cont'd)**

The following table presents the undiscounted contractual maturities of financial liabilities on the basis of their earliest possible contractual maturity.

	2013			Carrying amount \$
	Within 1 month \$	3 to 12 months \$	1 – 5 years \$	
Savings deposits	-	201,187,394	177,126,639	378,314,033
Members' voluntary shares	264,814,830	-	-	264,814,830
External credits	-	96,489,365	30,000,000	126,489,365
Accounts payable and accruals	37,562,929	-	-	37,562,929
	302,377,759	297,676,659	207,126,639	807,181,057

	2012			Carrying amount \$
	Within 1 month \$	3 to 12 months \$	1 – 5 years \$	
Savings deposits	-	200,352,126	132,174,336	332,526,462
Members' voluntary shares	254,177,463	-	-	254,177,463
External credits	-	72,138,473	-	72,138,473
Accounts payable and accruals	32,040,813	-	-	32,040,813
	286,218,276	272,490,599	132,174,336	690,883,211

Members' voluntary shares can be withdrawn at the option of the members, unless they are held as security for loans and guarantees and will therefore affect the liquidity position of the Co-operative. These have no contractual maturity. The amounts included in the analysis for savings deposits, external credits and accounts payable and accruals are based on management's estimate of expected cash flows on these instruments as determined by retention history. These may vary significantly from actual cash flows which are generally expected to maintain a stable or increasing balance.

Notes to the Financial Statements (Continued)
Year ended December 31, 2013

24. Financial risk management (cont'd)

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. These arise mainly from changes in interest rate, foreign currency rate and equity prices and will affect the Co-operative's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk exposures are measured using sensitivity analysis.

There has been no change to the nature of the Co-operative's exposure to market risks or the manner in which it manages and measures the risk.

(i) Currency risk

Currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Co-operative is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaica dollar. There was no significant exposure to foreign currency risk.

(ii) Interest rate risk

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustments within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values. Interest rate risk is managed by holding primarily fixed rate financial instruments. Liquid assets are held for the short-term and, accordingly, would substantially reflect prevailing interest rates in the financial markets. Interest is paid on members' voluntary shares, savings deposits and external credits and loans given to members at a fixed rate of interest which is fairly stable. Accordingly, there is no significant exposure to interest rate risk.

At the reporting date, the interest rate profile of the Co-operative's interest-bearing financial instruments was:

	<u>2013</u>	<u>2012</u>
	\$	\$
Fixed rate financial assets:		
Loans to members	943,705,694	772,250,886
Financial investments	23,451,675	22,332,579
Liquid assets	<u>108,119,796</u>	<u>125,195,578</u>
	1,075,277,165	919,779,043



JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)
Year ended December 31, 2013 — —

24. **Financial risk management (cont'd)**

(d) **Market risk (cont'd)**

(ii) **Interest rate risk (cont'd)**

	2013 \$	2012 \$
Fixed rate financial liabilities:		
Savings deposit	378,313,933	332,526,462
Members' voluntary shares	264,814,830	254,177,463
External credits	<u>126,489,365</u>	<u>121,138,473</u>
	769,618,128	658,842,398

The Co-operative does not account for any fixed rate financial assets and liabilities at fair value through comprehensive income and available-for-sale instruments are carried at fair value. Therefore, a change in interest rates at the reporting date would not affect comprehensive income or equity. The Co-operative has no variable rate instrument as at the reporting date.

Sensitivity analysis

A change of 500 basis points in interest rates would have no material effect on profit or loss as at the reporting date. The analysis assumes that all other variables, in particular, foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

(iii) **Equity price risk**

Equity price risk arises from available-for-sale equity securities held by the Co-operative as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Co-operative's investment strategy is to maximise investment returns.

(e) **Capital management**

The Co-operative's objectives when managing capital are to safeguard the Co-operative's ability to continue as a going concern, so that it can continue to provide returns to its members and benefits for other stakeholders and to maintain a strong capital base to support the development of its business. The Co-operative defines its capital as members' share capital, institutional capital and non-institutional capital and other reserves. Its dividend payout is made taking into account the maintenance of an adequate capital base.

The Co-operative is required by the League to maintain its institutional capital at a minimum of 8% of total assets. At the reporting date, this ratio was 12.60% (2013 11.75%) which is in compliance with the requirements.

There were no changes in the Co-operative's approach to capital management during the year.

Notes to the financial Statements (Continued)
 Year ended December 31, 2013

25. Prior year adjustment

As indicated in note 2(a), effective January 1, 2013, the Co-operative adopted IAS 19 Revised (Employee Benefits). The change in accounting policy was applied retrospectively. The effects of the adjustments are detailed below:

(a) Effect on the statement of financial position

	Employee benefit asset	Retirement benefit reserve	Undistributed surplus
Balances as reported at December 31, 2011	7,163,000	(7,163,000)	84,445,967
Effect on total comprehensive income for 2011	(1,899,000)	1,899,000	-
Restated balances as at December 31, 2011	55,264,000	(5,264,000)	84,445,967
	Employee benefit asset	Retirement benefit reserve	Undistributed surplus
Balances as reported at December 31, 2012	8,174,000	(8,174,000)	83,097,125
Effect on total comprehensive income for 2011	(1,899,000)	1,899,000	-
Effect on profit or loss for 2012	105,000	(105,000)	-
Effect on other comprehensive income for 2012	1,345,000	(1,345,000)	-
Restated balances as at December 31, 2012	57,225,000	(7,725,000)	83,097,125

(b) Effect on other comprehensive income:

	2012	2011
Actuarial gains/(loss) recognised	\$1,345,000	(1,899,000)

(c) Effect on surplus for the year ended December 31, 2012 is \$105,000.

(d) Other than restatement of comparatives there was no effect on the statement of cash flows for the year ended December 31, 2012



JDF-CU Loyalty Card Launch



57 Members were presented with Loyalty Cards for Special Services to include Personal Banking. The launch event was held at Force Conference Room in December 2013.



MANAGEMENT TEAM



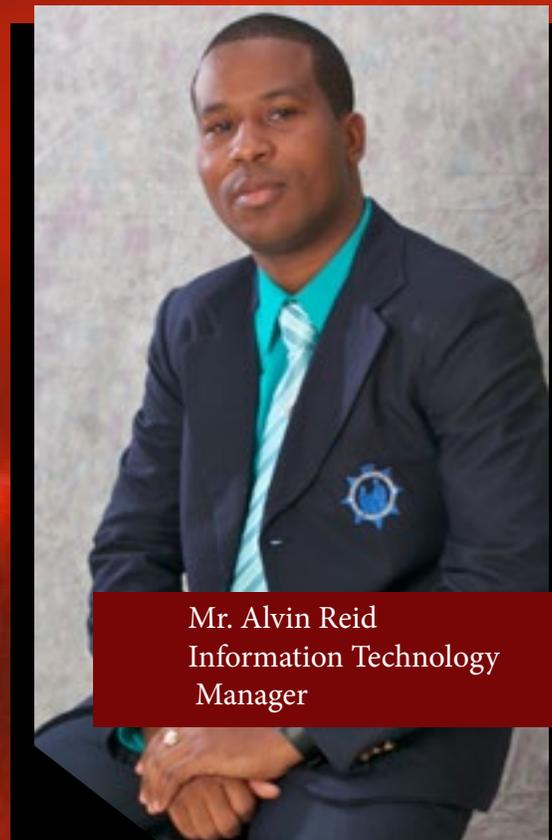
Mrs. Patricia Tomlinson
General Manager



Ms. Marsha McGowan
Operations Manager



Mrs. Karlene Pitter-Cooper
Internal Auditor



Mr. Alvin Reid
Information Technology
Manager



Ms. Allison Pessoa
Risk & Compliance Officer



Mr. Howard Powell
Finance Manager



Mrs. Marva McGregor
Loans Manager



Mrs. Janice Blake
Marketing & Member Relations
Manager



Ms. Tahnee Taylor
HR & Admin Manager

CREDIT COMMITTEE REPORT

WO1 DELROY BELL
Chairman



Members of Credit Committee for the year under review are:

- WO1 Delroy BELL** - **Chairman**
- SSgt Paul McKENZIE** - **Secretary**
- Maj Ezra BIGNAL** - **Member (Retired in the year)**
- Capt Heleda THOMPSON** - **Member**
- WO1 Lynval LAWRENCE** - **Member**
- WO2 Henry WILLIAMS** - **Member**
- WO2 Errol BECKFORD** - **Member (Co-opted during the year)**
- Sgt Lukel MILLER** - **Member**

Serving on the Credit Committee came with quite some challenges due to the public sector wage freeze and a vast majority of our members are public sector employees. This meant our members had less disposable income but still had various financial demands.

The committee worked very hard in fulfilling the needs of members, even though not all loans could be approved or recommended to the Board of Directors. During the year the committee looked at an increase amount of loan waiver requests, due mainly because of inflation and the wage freeze.

To the right is a breakdown of the loans that the Credit Committee looked at over the period:

Loan Type	Amount
Education	\$2,703,511.48
Home Improvement	\$7,181,470.96
Mortgage	\$15,639,147.73
Furniture	\$95,620.37
Motor Vehicle	\$50,470,592.68
Loan Refinancing	\$4,374,283.57
Legal Fee	\$285,477.77
Unsecured	\$25,798,640.60
Debt Consolidation	\$2,199,6542.33
Property purchase	\$4,065,668.11
Personal	\$624,294.93
Total	\$133,235,250.50



CREDIT COMMITTEE REPORT

continued...



STANDING FROM LEFT:

Sgt Lukel MILLER, Capt Heleda THOMPSON, SSgt Paul McKENZIE - Secretary, WO2 Errol BECKFORD, WO2 Henry WILLIAMS, SEATED: WO1 Delroy BELL - Chairman, WO1 Lynval LAWRENCE.

The Credit Committee is most grateful to the Board of Directors, Supervisory Committee and Members of Staff for the assistance given throughout the year.

On behalf of the committee I thank all the members of the JDF Co-operative Credit Union for confident and the opportunity to serve in this capacity. Also the Credit Committee would like to thank Major Ezra Bignal for his valuable contribution during his tenure as a member of the Committee and to Staff Sergeant Paul McKENZIE who has been a member on the Credit Committee from 1999 and is now retiring. I have indicated to my fellow volunteers that I will not be seeking re-appointment as Chairman; however I am willing to serve as a member of the committee.

May our Credit Union continue to foster strength, dedication an financial achievement.

Thank you.

Delroy BELL

Warrant Officer Class One
Chairman



SUPERVISORY COMMITTEE REPORT

Staff Sgt. **GIRLET BERNARD**
Chairperson.



REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR ENDED DECEMBER 2013

THE COMMITTEE

The Supervisory Committee is the review arm of the Credit Union that provides the avenue for which concerns or complaints by the members as it relates to the Credit Union can be addressed. This includes but is not limited to lending policies, dividend rates and terms, the general services, saving policies and procedures. The Committee is also responsible for ensuring that your financial needs, queries and issues are addressed promptly. It also ensures that the plans policies

and control procedures established by the Board to govern the Credit Union are maintained and properly administered. The following persons were duly elected to serve on the Supervisory Committee at the last Annual General Meeting for one (01) year.

SSgt Girlet BERNARD
Sgt Edward PRYCE
Sgt Cleveland SMITH
Sgt Garfield TOPEY
WO2 Barbara VAUGHANS
Mrs Elizabeth BROWN-JAMES
Miss Vivienne MITCHELL

SCOPE OF WORK

The following areas were examined over the period and recommendations made as required to ensure that the quality and standard of services provided were in keeping with the policies and procedures of the Credit Union:

- Bank Reconciliation
- Cash and Vault Checks
- Securities
- Investment Instruments
- Verification of Loans
- Member Accounts (Active and Dormant)
- Staff Accounts
- Statutory Payments
- Member complaints
- Staff Operations
- Delinquency

OPERATIONS

Every year the demand for Credit Unions to meet the needs of each and every member increase and the JDF Credit Union is no exception. To this end this Credit Union

has introduced a number of creative and innovative ideas to increase and expand its resources in keeping with the financial needs and expectations of its members and to fulfill its role and objectives.

Throughout the year, the Supervisory Committee made a determined effort in meeting on a regular basis in order to carry out the relevant audit checks and follow-up checks in ensuring that the products and services offered to you the members were done in an efficient and impartial manner.

The Supervisory Committee encourages each and every member to save on a regular basis to ensure that your account remains active. Once no activity takes place on an account for a year this account is considered to be dormant or inactive. It is through your savings that the scope for lending more to you the members can be expanded.

ACKNOWLEDGEMENT

On behalf of the Committee I would like to express our gratitude for having been allowed the privilege and opportunity of serving throughout the year. We would like to thank the Board of Directors, the Manager and staff, the Internal Auditor and all members of the Jamaica Defence Force Co-operative Credit Union for their unrelenting support throughout the year.



Girlet BERNARD

Staff Sergeant
Chairperson
Supervisory Committees

REPORT

continued...



FROM LEFT:
Mrs Elizabeth BROWN-JAMES - Secretary,
Sgt Edward PRYCE,
Sgt Cleveland SMITH, Miss Vivienne MITCHELL,
SSgt Girlet BERNARD - Chairman.
MISSING: WO2 Barbara VAUGHANS, Sgt Garfield Topoy

MEET OUR STAFF

ACCOUNTS TEAM



FROM LEFT:
Georgia Cornwall, Accounting Officer, Howard Powell, Finance Manager, Karlene Pitter-Cooper, Internal Auditor, Shackeria Williams, Accounting Clerk

OPERATIONS TEAM

FROM LEFT:
Annette Senior, Member Service Representative, Melissa Brown-Morgan, Member Service Representative, Tashau Williams, Teller, Dion Dunn, Teller, Marsha Morris-Barthley, Senior Teller, Marsha McGowan, Operations Manager, Charlene Smith, Teller Tricia Laylor (Missing)



MEET OUR STAFF *cont'd*



INFORMATION TECHNOLOGY TEAM

FROM LEFT:
Garth Beckford, Information
Technology Support Officer
Alvin Reid, Information
Technology Manager

LOANS TEAM

FROM LEFT:
Jermaine Moncrieffe, Loans
Clerk, Marsha Segree-Boothe,
Loans Officer, Marva Mcgregor,
Loans Manager, Jason Stewart,
Senior Loans Clerk(standing)
Maricia Cain-Williams,
Collateral & Delinquency
Officer, Clarine Bogle, Loans
Clerk(seated)



MARKETING TEAM



FROM LEFT:
Janice Blake,
Marketing &
Member Relations
Manager
Camille Minott,
Marketing Assistant



RISK & COMPLIANCE OFFICER

Allison Pessoa

PERSONNEL & ADMINISTRATION TEAM



FROM LEFT:

Sonia Clarke, Office Attendant, Tahnee Taylor, H.R. & Admin. Manager, Frances Collie, H.R & Admin. Assistant, Patricia Tomlinson, General Manager



NOMINATING COMMITTEE REPORT

REPORT OF THE NOMINATING COMMITTEE TO THE
51th ANNUAL GENERAL MEETING OF JAMAICA DEFENCE FORCE
CO-OPERATIVE CREDIT UNION LTD.

In accordance with the provisions of Article X11, Rule 62, the Board of Directors of Jamaica Defence Force Co-operative Credit Union Limited appointed a Nominating Committee, which comprised the following persons:

Warrant Officer Class 2 Everton Hay -Chairman
Mrs Marva Goldson-McGregor -Staff Member
Sergeant Lukel Miller -Secretary

The Committee reports as follows:

Directors and Committee Members Retiring at this Annual General Meeting and the Nominees proposed are as follows:

BOARD OF DIRECTORS

RETIRING

Lieutenant Colonel Radgh Mason
Major Basil Jarrett
Lt Kwame Gordon
Warrant Officer Class 2 Chester Bennett

NOT RETIRING UNEXPIRED TERM

Captain Michael Anglin	1 year
Major Clifton Lumsden	1 year
Major Oneil Bogle	1 year
Sergeant Andre Shakespeare	1 year
WO2 Everton Hay	1 year

RECOMMENDED TERM

Lt Col Radgh Mason	2 years
Lt Kwame Gordon	2 years
Staff Sergeant Lenearth Anderson	2 years
Mrs. Donna Marie Brown	1 year

CREDIT COMMITTEE

RETIRING

Warrant Officer Class 2 Delroy Bell
Major Ezra Bignall
Warrant Officer Class 1 Lynval Lawrence
Staff Sergeant Paul McKenzie

NOT RETIRING UNEXPIRED TERM

Captain Heleda Thompson	1 year
Warrant Officer Class 2 Henry Williams	1 year
Sergeant Lukel Miller	1 year

RECOMMENDED TERM

Warrant Officer Class 2 Errol Beckford	2 years
Warrant Officer Class 1 Lynval Lawrence	1 year
Sergeant Cleveland Smith	2 years
Sergeant Edward Pryce	1 year

SUPERVISORY COMMITTEE

RETIRING

Warrant Officer Class 2 Barbara Vaughns
Staff Sergeant Girlet Bernard
Sergeant Garfield Topey
Sergeant Edward Pryce
Mrs Elizabeth Brown-James
Ms Vivienne Mitchell

RECOMMENDED TERM

Maj Courtney Dunkley	1 year
Warrant Officer Class 2 Steve Wallace	1 year
Staff Sergeant Girlet Bernard	1 year
Sergeant Garfield Topey	1 year
Sergeant Carlean Sutherland	1 year
Mrs Elizabeth Brown-James	1 year
Ms Fay Tomlinson	1 year

DELEGATES

The Nominating committee recommends that the Board be authorized to appoint the Delegates and Alternate Delegates to represent the Credit Union at the various fora where appropriate.

PROFILE OF NOMINEES BOARD OF DIRECTORS

Lt Col Radgh Mason

Lt Col Radgh Mason has been a member of the JDF Credit Union for twenty-three (23) years and has served on the Board of Directors for over ten (10) years. He is currently the Vice President of the Board. He holds a Master of Science degree in Management Information Systems and a Bachelor of Science degree (Hons) in Management Studies and Accounting. Lt Col Mason is the Commanding Officer of the Support and Services Battalion.

Lt Kwame Gordon

Lt Kwame Gordon has been a member of the JDF Credit Union for nine years (09) and has been a volunteer since 2013. He has been an Attorney-at Law since 1998 and is a member of the Commercial and Litigation Department of the law firm, Samuda & Johnson. He holds a Bachelor of Law, LLB (Hons) from the University of the West Indies. He currently serves as an officer at the Third Battalion The Jamaica Regiment (National Reserve) (3JR (NR)).

Staff Sergeant Lenearth Anderson

SSgt Lenearth Anderson has been a member of the JDF Credit Union for the past 18 years and has served on the Supervisory Committee for over three years during which he was elected as Chairman. He has pursued courses in Supervisory Management and Proceeds of Crime Act (POCA). He is currently employed at the Military Pay and Records Company.

Mrs. Donna Marie Lorraine Brown

Mrs. Donna Marie Lorraine-Brown has been a member of the JDF Credit Union since 1990. She is currently employed as the 2IC Military Pay and Records Office (PRO) and is the Supervisor for the Main Accounts. Mrs. Lorraine-Brown has a wealth of

experience and training in Government Accounts, Budgeting, Human Resource Management, Leadership and Corporate Planning. She is the holder of a diploma and several other certificates and is currently pursuing an Associate Degree in Business Administration.

CREDIT COMMITTEE

Warrant Officer Class 1 Lynval Lawrence

WO1 Lynval Lawrence has been a member of the JDF Credit Union for twenty-four (24) years and has been a volunteer for over ten (10) years where serves on the Credit Committee. He served as Chairman for over five (05) years. He is currently employed as the Company Sergeant Major for the Military Pay and Records Company.

Warrant Officer Class 1 Errol Beckford

WO1 Errol Beckford has been a member of the JDF Credit Union for twenty-four (24) years and was co-opted to the Credit Committee in 2013. He is also a member of the Building Committee of the Credit Union. He holds a Bachelor of Science degree in Project and Programme Management and is currently employed at the JDF TTI, 1 Engr Regt (JDF) as the Training Administrator.

Sergeant Cleveland Smith

Sgt Cleveland Smith has been a member of the JDF Credit Union for twenty (20) years and has been a volunteer for eight (04) years. He holds a Diploma in Paralegal Studies. He is currently employed at the First Battalion The Jamaica Regiment headquarters as the Orderly Room Sergeant.

Sergeant Edward Pryce

Sgt Edward Pryce has been a member of the JDF Credit Union for eighteen (18) years and has been a volunteer for (10) years on the Supervisory Committee. Sgt Pryce successfully completed Supervisory Management and Proceeds of Crime Act (POCA) training and is currently employed at the JDF Air Wing as an Aircraft Technician.

SUPERVISORY COMMITTEE

Maj Courtney Dunkley

Maj Courtney Dunkley has been a member of the JDF Credit Union for six (06) years. He possesses extensive experience in banking and military operations for over 25 years. He currently holds a Diploma in Management Studies, Certificate in Banking & Supervisory Management and is currently pursuing a Bachelor of Science Degree in Management Studies at Sunderland University. He is currently the 2IC for the Third Battalion The Jamaica Regiment (National Reserve) (3JR (NR)).

Warrant Officer Class 2 Steve Wallace

WO2 Steve Wallace has been a member of the JDF Credit Union for twenty-five (25) years and has been a serving member of the Force for the same period. He is currently employed at the First Battalion The Jamaica Regiment as a Company Sergeant Major.

Staff Sergeabt Girlet Bernard

SSgt Girlet Bernard has been a member of the JDF Credit Union for twenty-eight (28) years and has been a volunteer for eight (08) years. She currently chairs the Supervisory Committee. SSgt Bernard successfully completed training in Supervisory Management. She is currently employed as a Clerk (General Duties) at the Military Pay and Records Company.

Sergeant Garfield Topey

Sgt Garfield Topey has been a member of the JDF Credit Union for thirteen (13) years and is currently doing a second stint of volunteer for four (04) years now on the Supervisory Committee. He is currently employed at the Headquarters Jamaica Defence Force as a Clerk (General Duties).

Sergeant Carlean Sutherland

Sgt Carlean Sutherland has been a member of the JDF Credit Union for twenty-four (24) years and has been a volunteer for four (04) years on the Supervisory Committee. Sgt Sutherland previously served as Chairman of the Supervisory Committee until she went to pursue and successfully completed a Bachelor of Science Degree in Social Work

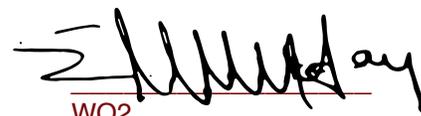
from the University of the West Indies. She is currently employed at the Chief Clerk at the JDF Air Wing.

Mrs. Elizabeth Brown-James

Mrs. Elizabeth Brown-James has been a member of the JDF Credit Union for twenty (20) years and has been a volunteer for two (02) years on the Supervisory committee. She is currently employed as a Secretary at the JDF Civilian Personnel Department. .

Ms Fay Tomlinson

Ms. Fay Tomlinson has been a member of the JDF Credit Union for two (02) years. She has been employed at the JDF Pay and Records Office for over (33) years and is presently the Supervisor of the Payments Unit. Ms. Tomlinson has a Diploma in Government Accounting and a Certificate in Supervisory Management. She is presently in her final year in the Associate of Science Degree in Accounting.



WO2

Everton Hay



INTRODUCING OUR LIAISON OFFICERS



LS. Gary Hanson



Cpl. William Gilzene



Ms. Judy Salmon

**MISSING:
Sgt. Carlean Sutherland
Cpl. Orlando Grant**



Parliamentary Rules

ORDER OF BUSINESS

An agenda shall be prepared by the Chairman and Secretary, and all items therefore shall take precedence over all other business. Any member desirous of introducing business for the consideration of the meeting may do so after the business on the agenda has been completed, or may give notice of motion to be discussed at a further meeting.

SUSPENSION OF STANDING ORDER

In the event of any matter of urgency, however, the Chairman may accept a suspension of the Standing Order. The member moving such a suspension must clearly state the nature and urgency of his business, the numbers of the Standing Order affected and the length of time he desires such suspension shall take place except by majority vote of the members present.

MINUTES

No motion or discussion shall be allowed on the minutes except in regards to their accuracy. After the confirmation of the minutes, they shall be signed by the Chairman, and the members shall then be at liberty to ask questions in regards to the matters arising out of them. Such questions shall be allowed for the purpose of information only, and no debate on the policy outlined in the minutes shall take place.

All speakers are to make use of the microphone when addressing the meeting in order that it be recorded and make permanent record in the meeting proceedings, a point of order, or explanation, except the mover of the original motion. But on an amendment being moved, any member even though he has spoken on an original motion, may speak again on the amendment. No member for more than five minutes at a time. Members wishing to raise point of order or explanation must first obtain the permission of the Chairman and must raise immediately the alleged breach has occurred. Any accredited member shall have the right to speak and vote on all issues coming before the meeting. Persons other than accredited members, so certified, may speak with the permission of the Chair but shall not vote on any issue.

SPEECHES

No member shall be allowed to speak more than once upon any motion before the meeting, unless one member may formally second any motion or amendment and reserve his speech until later in the debate.

No person shall interrupt another who is speaking except on a point of order, a parliamentary inquiry, or a point of information. If it should come to pass that speaker is called to order while speaking, the Speaker should take his seat until the question of order is determined.

CHAIRMAN'S RULING

The ruling of the chairman on any question under the Standing Order, or on points of order or explanation, shall be final, unless challenged by not less than four members, and unless two-thirds of the members present vote to the contrary.

INTERRUPTION

If any member interrupts another while addressing the meeting, or uses abusive or profane language or causes disturbance at any of the meetings, and refuses to obey the chairman when called to order, he shall be named by the Chairman. He shall thereupon be expelled from the room and shall not be allowed to enter again until apology satisfactory to the meeting is given.

A question shall not be subject to debate until it has been duly moved and seconded and is stated from the chair.

MOTIONS AND AMENDMENTS

The first proposition on any particular subject shall be known as the original motion, and all succeeding propositions on the subject shall be called amendments. Every motion or amendment must be moved and seconded by members actually present at the meeting before they can be discussed and whenever possible, shall set forth in writing. It is permissible for a member to make his speech first and conclude with a motion. When an amendment shall be discussed until the first amendment is disposed of (Notice of any further amendment must be given before the first amendment is put to vote.

SUBSTANTIVE MOTIONS

If an amendment be carried, it displaces the original motion and itself becomes the substantive motion, whereupon any further amendment relating to any portion of the substantive motion may be moved, provided it is consistent with the business and has not been covered by an amendment or motion which has been previously rejected. After the vote on each succeeding amendment has been taken, the surviving proposition shall be put to the vote as a main question, and is carried shall become a resolution of the meeting.

RIGHT OF REPLY

The mover of the original motion shall, if not amendment be moved, have the right of reply at the close of the debate upon such motion. When an amendment is moved it shall be entitled to speak thereon in accordance with standing order # 8 and at the close of the debate on such amendment shall reply to the discussion, but shall introduce no new matter.

The question shall then be put to the vote immediately, and under no circumstances shall any further discussion be allowed once the question has been put from the chair. The mover of amendment shall not be entitled to reply.

WITHDRAWALS OR ADDITIONS

No motion or amendment which has been accepted by the Chair shall be withdrawn without the majority vote of the meeting. Neither shall any addendum or rider be added to a motion, which has been accepted by the Chair without majority vote. Should any member dissent, the addendum must be proposed and seconded, and treated as an ordinary amendment.

CLOSING DEBATE

The motion for the previous question, next business, or the closure, may be moved and seconded only by members who have not previously spoken at any time during the debate. No speeches shall be allowed on such motion. In the event of the closure being carried, the mover of the original motion shall have the right of reply in accordance with standing order No. 6 before the question is put. Should any one of the motion mentioned in this standing order be defeated, thirty minutes shall elapse before it can be accepted again by the Chairman, unless he is of the opinion that the circumstance have materially altered in the meantime.

ADJOURNMENT

Any member who has not already spoken during the debate may move the adjournment of the question under discussion or of the meeting, but must confine his remarks to the question and must not discuss any other matter. The mover of the motion upon which the adjournment has been moved, shall be allowed the right to reply on the question of the adjournment, but such reply shall not prejudice his right of reply on his own motion. In the event of such motion being lost, it shall not be moved again, except in accordance with Standing Order No. 18.

Any member may demand a division of the question before the House, when the sense of it would permit. A motion to lay on the table shall be put without debate.

A motion for reconsideration shall not be entertained unless at the same or following session by a member who voted on the prevailing side, and shall require a majority vote.

Any two members shall have the right to demand (by majority vote) that the room shall be cleared of all but accredited delegates to transact business of a nature that precludes premature publicity.

Whispering, loud talking, or other disturbances calculated to disturb anyone while speaking will not be tolerated.



Obituaries

*The Board of Directors acknowledges those
deceased members who left us over the last year.*

May their souls rest in peace.

Cpl Lynval BURKE
Pte Richard WALLEN
Pte Yannick GREGORY
Pte Damian DOUGLAS
Mr Donald IVEY
Ms Chejan BARROWS



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Like us on Facebook: <https://www.facebook.com/JDFCreditUnion>