



JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED



*Building
Dreams*
ANNUAL REPORT
2017



THE JDF CREDIT UNION FAMILY IS STRONG & GROWING



Membership now open to relatives of members & employees
in organizations doing business with the JDF

WELCOME TO THE FAMILY!



**Jamaica Defence Force
Co-operative Credit Union Ltd.**



The Award-winning
JDF Co-operative Credit Union Ltd.
Credit Union of the Year
2016

MISSION STATEMENT

To enhance the financial well-being of our members

Core Values

INTEGRITY • EFFICIENCY • MEMBER-CENTRIC

PROFESSIONALISM • INNOVATION



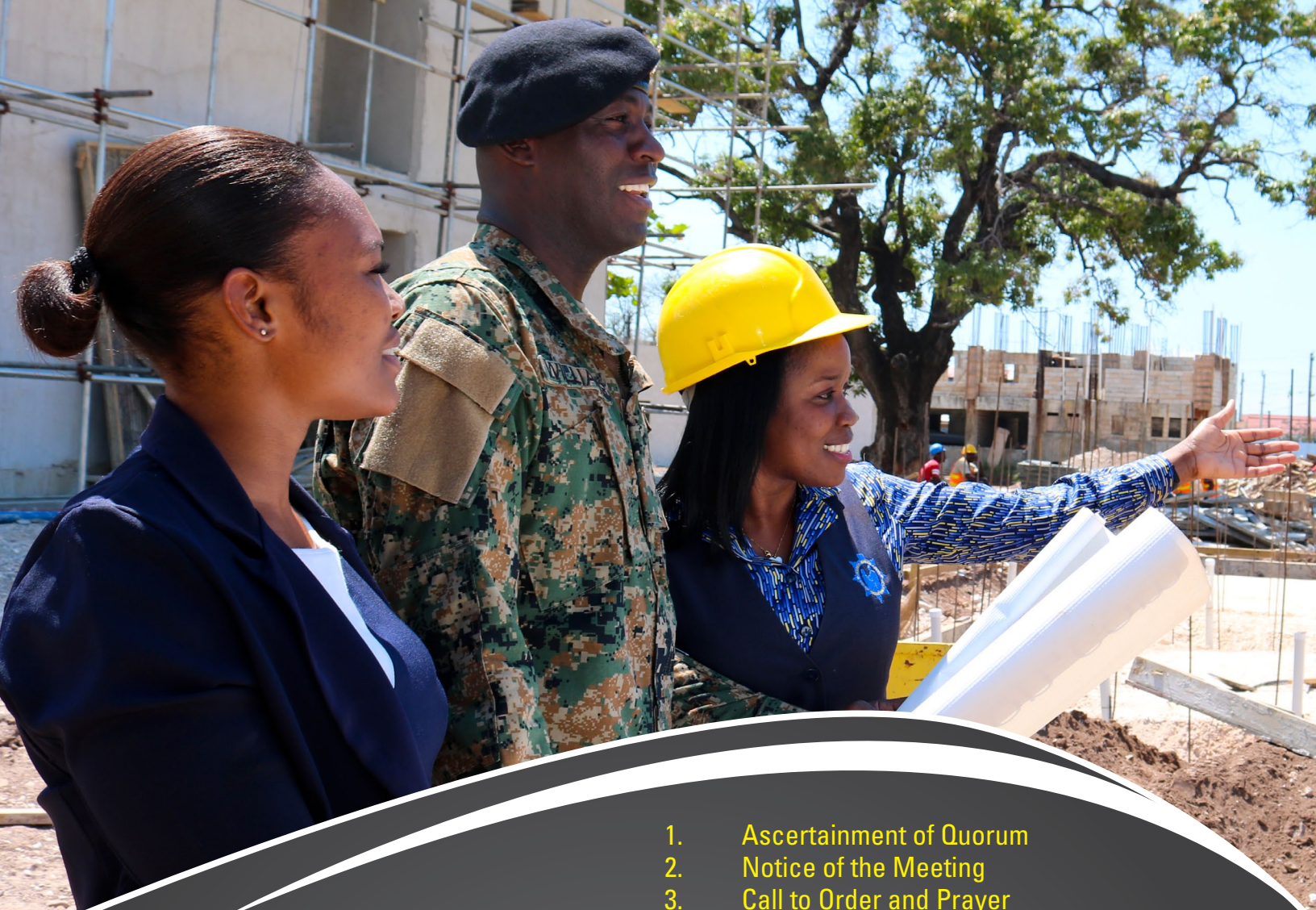
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THE PRAYER OF

St. Francis of Assisi

Lord, make me an instrument of Thy peace; Where there is hatred, let me sow love;
Where there is injury, pardon; Where there is error, the truth;
Where there is doubt, the 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 console; 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.

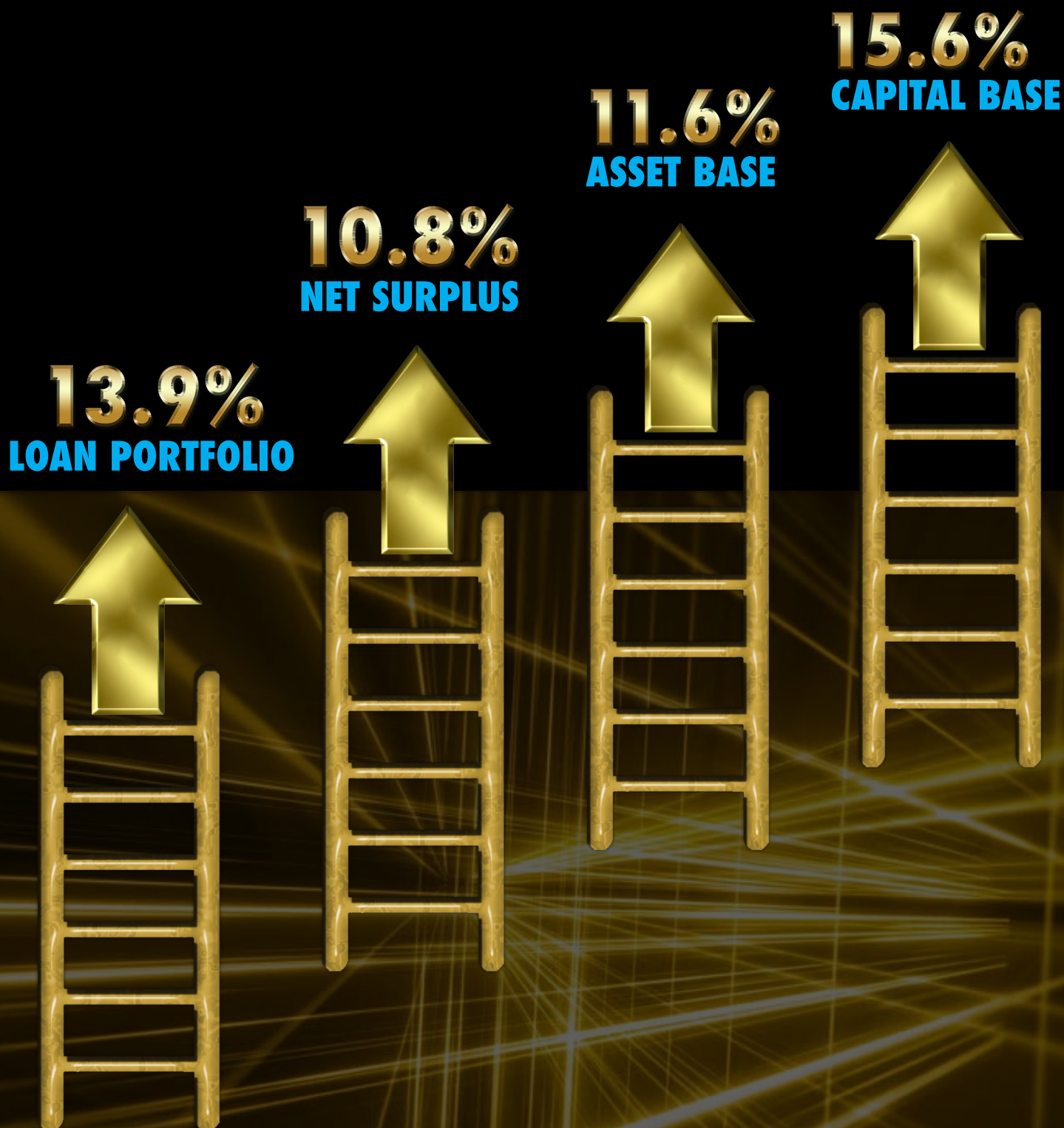


The Agenda

ANNUAL GENERAL MEETING 2018

1. Ascertainment of Quorum
2. Notice of the Meeting
3. Call to Order and Prayer
4. Chairman's Opening Remarks
5. Reading and Confirmation of the Minutes of the 54th Annual General Meeting
6. Matters Arising
7. Guest Speaker - Dr Andre Haughton
8. Reports:
 - Board of Directors
 - Auditor and Treasurer
 - Credit Committee
 - Supervisory Committee
9. Appointment of Returning Officer
10. Election of Officers
 - Nominating Committee Report
 - Elections to:
 - Board of Directors
 - Supervisory Committee
 - Credit Committee
11. Resolutions
12. Recognitions and Awards
13. Other Business
14. Vote of Thanks
15. Adjournment

Financial **HIGHLIGHTS** 2017



MINUTES of the 54th Annual General Meeting



Notice of Meeting

Notice is hereby given of the 55th Annual General Meeting of the Jamaica Defence Force Co-operative Credit Union Limited to be held on Wednesday, April 18, 2018 at the No. 1 Hockey Field, Up Park Camp, Kingston 5 and beginning at 12:30 pm.

Andre Shakespeare
Warrant Officer Class 2
Secretary

MINUTES OF THE 54TH ANNUAL GENERAL MEETING

Held on Wednesday, 19th of April 2017 at the Jamaican Military Museum and Library, Up Park Camp, Kingston 5.

Call to Order

The meeting was called to order at 1:48 p.m. by the President and Chairman, Lt Col Radgh Mason, after having ascertained that a quorum was satisfied.

Opening Prayer

Prayers were offered by WO2 Hamroy Roberts, following which the prayer of St Francis of Assisi was recited by all.

Notice of Meeting

The Notice was read by the Secretary, Ex-WO2 Everton Hay.

Chairman's Opening Remarks

The Chairman, on behalf of the Board of Directors, Volunteers, Management and Staff of the Jamaica Defence Force Co-operative Credit Union Limited welcomed visiting friends and members to the 54th Annual General Meeting. He extended special welcome to Mr. Elvin Singh from EDUCOM Credit Union, Mr. Weeman Clarke from Correctional Services Credit Union, Miss Hope Mowatt from Grace Kennedy Credit Union, Miss Michelle Jack from JPS & Partners Credit Union, Miss Nattisha Scott from Jamaica Police Credit Union, Miss Maureen Delevante from BOJ Credit Union, Mr. Markland from Insurance Employees Credit Union, Mr. Oswald Bromfield, National Security and Employees Credit Union, Miss Michelle Ambersingh from Jamaica Broilers Credit Union, Miss Claudette Christie from the JCCUL, Mrs. Lavern Gibson-Eccleston & Miss Karen Lyttle from the Department of Friendly Societies, Miss Janeine Facey from KPMG, Georgia Morrison from CUFMC, Dr. Andre Haughton, Guest Speaker and Miss Dawkins (who accompanied Dr. Haughton).

Obituaries

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

JDF/200186 Ex-Major Stoel Foster
JDF/201351 Ex-Major Oswald Brown
JDF/213350 Ex-WO2 Roy Tomlinson
JDF/25252 Sgt John Williams
JDF/27696 LCpl Junior Wallace
JDF/285219 Luedian Henry
JDF/228653 LCpl Ricardo Palmer
JDF/219763 LCpl Ricardo Bennett
JDF/28725 Pte Adrian Allen
JDF/229632 Pte Stephen Hewitt
JDF/211060 Pte Jullian Green
206924 Irish Townsend
124250 Bernard Williams

Minutes of The 54th Annual General Meeting

Minutes of the 54th Annual General Meeting was taken as read on a motion moved by Miss Judith Salmon and seconded by Sergeant Roberts.

Confirmation of The Minutes

There were no corrections to the Minutes. There being no corrections, a motion for the confirmation of the Minutes was moved by Mr. Norman Spencer and seconded by Mr. Garth Beckford. The motion was carried.

Matters Arising From the Minutes

There were no matters arising from the Minutes of the 54th Annual General Meeting.

The Board of Director's Report

The Chairman invited the Meeting to turn to the Board of Directors' Report. He proceeded to give highlights from the Report. He said that his mandate as President was to account for the performance and key business processes of the credit union for the year 2016.

He said he was very proud of the cycle of activities that were undertaken at the credit union and assured the membership that the Board of Directors continually negotiated and deliberated on ways to increase the wealth of the members. He explained that the cycle of planning started at the strategic level, where targets were set. He further indicated that once those targets were set, Committees were selected to deliberate on how to achieve the targets and decide on strategic initiatives to pursue. Plans were then monitored throughout the course of the year.

Environmental Factors

He told the Meeting of the environmental factors that were considered during last year. He highlighted that pending Bank of Jamaica regulations held pride of place on the Agenda of the Credit Union Movement and so guided decisions at the Credit Union on financial appropriations, training of staff and volunteers. He also reported that inflation and exchange rates were fairly stable and this was a positive move for the financial projections.

He advised that within the Credit Union Movement there were mergers. These have created larger entities providing a much wider range of services to members.

Targets and Results 2016

He then spoke about the targets which were set for 2016, which comprised, Assets projections to increase from \$1.4 billion to \$1.75 billion, Operating expenses to increase from 6.89% to 10%, Membership growth to grow from 7977 to 9477, Loans to move from \$1.14 billion to \$1.298 billion and Savings from \$773.48 million to \$1.230 billion.

Strategic Initiative 2016

The Chairman said the positive results represented positive improvement for members' satisfaction and that he was satisfied that the gaps between saving and membership targets must be followed up with even greater energy this year. He reported that there were also initiatives to sensitize the members within the expanded bond by creating rewards and that this would continue as a priority.

Information Technology & Marketing Initiatives

Information Technology was largely focused on cost reduction mechanisms, improvements in internal processes and also in terms of product knowledge and training for staff members, the Chairman said.

Marketing Initiative

The marketing initiatives focused on building overall awareness, promoting savings, improving the financial management culture, penetration of untapped groups within the bond and the sponsorship of JDF events.

There were significant initiatives to increase savings amongst the membership and this was encouraged by increasing the interest rate on savings to 9% which was the highest guaranteed interest rate on savings in the country. He encouraged members to tell their family members and friends to remove their money from wherever they had it and deposit it with the credit union. He said, the membership needed to save more, as this would positively impact the availability of funds to support loans and other projects. He said the credit union was committed to giving back and creating wealth for the members.

Training Initiatives

Training initiatives were implemented to improve service quality to internal customers and further educate our volunteers, the Chairman stated. He said the credit union sought to realign the organization's structure to deal with gaps in the Accounts Department and marketing to achieve greater member care focus by the end of 2016. He further said that in previous years the credit union would have borrowed up to \$200 Million in order to satisfy the demands for loans for members, but in 2016 they did not have to borrow any money to satisfy members' demand for loans and still ended the year with a healthy surplus for the members.

Targets and Projections for 2017

The targets for 2017 comprised assets projected to increase from \$1.747 billion to \$2 billion, Operating expenses moving from \$6.57% to 9% and Membership growth from 8697 to approximately 10,000. The credit union was seeking to penetrate the bond from 57% to 60% and move loans from \$1.457 Billion to \$1.632 Billion. He said that there had been an ambitious target to increase savings from \$989.96 Million to \$1.428 Billions. These targets were created to increase and strengthen the business capacity and soundness of the financial position

of the credit union. Some strategic initiatives were expected to take the credit union from 2017 through to 2021.

The credit union, he said, was desirous of investing in a new building. When completed, it would position the organization to better serve, increased numbers of members. He said they were hoping to break ground for the building in 2017.

The Chairman said the credit union was seeking to formalize the marketing policy and strategy to grow the membership and generally to improve members' education and bond penetration to 80%. He said membership growth would ultimately create greater potential for growth of the business.

The Chairman informed that they were having dialogue with Montego Credit Union to offer services to members of the Battalion now stationed in the West. He also informed that the credit union was forging partnership with other credit unions so that members can utilize the same service offered at Up Park Camp through these credit unions.

He further explained that a strategic goal of the Jamaica Credit Union League was for credit unions to have their own bank, by keeping their money within the movement, through the Credit Union Fund Management Company (CUFMC). He said it was a viable strategic move and the JDF Credit Union wanted to support that move by investing in CUFMC. He continued that the institution would also strengthen and improve its services, online and mobile banking and partnerships. It would also invest in systems to reduce the processing time and seek to provide a full service ABM in Up Park Camp very soon.

The Board of Directors also mandated the management team to develop and implement enterprise-wide risk management systems to safeguard the integrity of transactions. The credit union sought to establish and implement a system for policy development, lobbying and engaging with JCCUL in order to maximize its leverage within the Credit Union Movement.

In closing he said he was proud of the efforts and grateful for the privilege to work with the most dedicated Volunteers, Board of Directors and Committees, who toiled for the benefit of the membership. He thanked the general membership for their continued support as the credit union continued to build their wealth. He extended condolences to the families of the deceased members who passed in 2016.

The Report was accepted on a motion moved by Miss Yvette Barnes and seconded by Mr. Redley. The motion was unanimously carried.

Presentation by Dr. Andre Haughton

The Special Guest, Dr. Andre Haughton, Lecturer in the Depart-

ment of Economics, University of the West Indies, Mona, addressed the meeting on 'Members' Engagement for Financial Improvement'. He said that the Jamaica Defence Force and its credit union as well as other agencies have an important role to play as it concerned financial improvement across the country, so that the citizens of Jamaica can have a better life. He stated that there was one common objective, to help Jamaica to become that place where we wanted to live, work and raise families.

Independent Auditor's Report

The Auditor's Report was read by Miss Janeine Facey of the firm KPMG Chartered Accountants. The report was contained in pages 34 to 36 of the booklet.

TREASURER'S REPORT

The Treasurer, Major Clifton Lumsden, said that the Government of Jamaica had successfully completed an Extended Fund Facility Arrangement with the IMF in 2016 and that the country needed to ensure that its financial practices were prudent and sustained. He also pointed to Jamaica's more than adequate level of the NIR and the drive to replace or reduce the economy's dependence on oil in an effort to spur growth. He reported that the economy grew 1.4% and inflation rate ended at 2.1% compared 3.7% for 2015 and local interest rates continued to hover between 5.00% and 6.65% for 30 days and 180 days Treasury Bill instruments, respectively, over the year.

Performance

He said for the period just ended, 31st December, 2016, he was extremely pleased as Treasurer to report that the JDF CU Ltd. had recorded another year of positive growth, hinged on a very aggressive and ambitious set of targets that were set, coupled with constant monitoring and positive responses to treat with changing market viability and trends.



He acknowledged all stakeholders, chief among them, the valued members, who demonstrated unwavering fidelity and understanding in the achievement of such success. Continuing, he said that the credit union stayed committed to providing the best and most competitive suite of products and services in the Credit Union Movement and remained unchallenged in offering the highest saving rates at 9% per annum in the financial sector.

Financial Highlights

The Treasurer highlighted some of the financial accomplishments of the credit union with Asset base of \$1.7 Billion, an increase of 11% over the previous period. Loan Portfolio of \$1,447 billion accounted for 82% of total assets and an increase of 2.2% over 2015. Capital of \$540,849,000 a 16.82% growth over 2015. He also indicated that all these achievements were made while Operating expenses increased by 11% over the previous year.

Way Forward

The Treasurer stated that the entire Credit Union Movement continued to prepare for the imminent implementation of the Bank of Jamaica Regulations. He said that over the period under review, the number of credit unions were reduced from thirty-four to thirty-two. Cost reduction and cost management would also be a primary focus of the credit union. The projected strategies would enable increased capital base as the credit union strive to build resources to better serve its members, cushion unforeseen shocks and prepare for new regulations. He said PEARLS Ratios required credit unions, at present, to maintain a minimum capital base at 8% however the credit union would endeavor to grow that base to 10% in the short to medium term. Members were further encouraged to take advantage of the many savings opportunities that were being offered by the credit union and reminded that the management, staff and volunteers stood ready and committed to partner with members in enabling them to become financially viable.

Matters Arising from the Treasurer's Report

There were no matters arising from the Treasurer's Report. Lt Col Oral Khan rose to commend the Treasurer, the Board and Management on their performance before moving a motion for the acceptance of the Treasurer's Report and it was seconded by Miss Pauline Laing. The motion was unanimously carried.

Resolutions

The Treasurer moved a Resolution on behalf of the Board of Directors for the appropriation of surplus as follows:

Resolution #1

The Treasurer presented the proposal for the Appropriation of Surplus by highlighting the following:

Undistributed Surplus	115,248,562
Net Surplus for the year	<u>87,229,000</u>
	202,477,562

Other comprehensive income	<u>2,913,000</u>
Gross Available for Distribution	205,390,562
Previous Year Commitment	<u>66,292,856</u>
Net Available for Distribution	<u>139,097,706</u>

Distribution

Dividend Permanent Shares (30%)	4,434,538
Permanent Shares Allocation from surplus	3,728,000
Statutory Reserve	17,444,169
Additional Statutory Reserve	4,361,450
Honoraria Payment	2,500,000
Treasure Chest Scholarship	1,500,000
IT Enhancement	2,000,000
Disaster Relief Fund	1,000,000
Business Continuity Fund	5,000,000
BOJ Licensing Fee	5,000,000
Other Reserve	<u>4,708,000</u>
Total Distribution	<u>51,676,157</u>

Undistributed Surplus

87,421,549

The acceptance of Resolution #1 was moved by the Treasurer, Major Clifton Lumsden and seconded by Maj O'Neil Bogle. The motion was unanimously carried.

Resolution #2

The proposal for the Fixing of Maximum Liability up to December 2017.

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.

A motion for the fixing of the maximum liability was moved by the Treasurer, Major Clifton Lumsden and seconded by Lt Col (Ret'd) Oral Khan. The motion was unanimously carried.

CREDIT COMMITTEE REPORT

The Report was presented by the Chairman, Maj Garth Anderson, who indicated that the Committee met on the 29th April, 2016 as required after being returned for the second year of its 2-year term.

He said there was an increase in the value of loan applications from \$142 million the previous year to \$168 million in 2016 which showed that members continued to exercise confidence in the institution's ability to improve their financial standing. He expressed the challenge experienced for the credit union to continue to remain competitive with the banks and other financial institutions.

He expressed gratitude to the Board of Directors, members

of the Supervisory Committee, members of staff and the JDF Credit Union for the guidance and assistance that they provided. He thanked the Credit Committee for their dedication and hard work throughout the year and for their commitment for ensuring that the members' needs were met in a timely and professional manner. He wished fellow credit union members a sound financial future and advised that the JDF Credit Union would continue marching forward.

A motion for the acceptance of the Credit Committee Report was moved by Major O'Neil Bogle and seconded by Mrs. Carol Davis-Hunter. The motion was unanimously carried.

SUPERVISORY COMMITTEE REPORT

The Report was presented by Captain Andres Pierce, Chairman of the Supervisory Committee. Captain Pierce stated that over the period in review, the Supervisory Committee assisted the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, the Credit Union's process for monitoring compliance with policies and regulations and the code of conduct.

Members of the Supervisory Committee were:
Capt Andres Pierce, Major Courtney Dunkley, WO2 Steve Wallace, WO2 Carlean Sutherland, Mrs. Fay Tomlinson, Ms. Judith Salmon and Sgt Courtney Williams.

He indicated that the Supervisory Committee carried out examinations of the affairs of the credit union with respect to the following: Staff Operations, Member Complaints, Verification of Loans, Bank Reconciliation, Cash and Vault Checks, Securities, Investment Instruments, Members Accounts, Staff Accounts, Delinquency and Statutory Payments.

He said that during the year in review, the Supervisory Committee, comprising of a rounded team of both civilian and military members tackled the demands of both the members and staff of the credit union. The use of the credit union's resources to effectively and efficiently meet these demands was the chief priority of the Committee through its relentless regulatory efforts.

Throughout the year the Supervisory Committee also reviewed, along with management and the Internal Auditor, the policies, activities, staffing, and organizational structure of the credit union, he said. The effectiveness of the system for monitoring compliance endured constant testing throughout the year to confirm that policies and regulations were being adhered to. On a monthly basis the Committee reported to the Board of Directors about Committee activities, issues, and related recommendations, he stated.

He said that the Committee would like to encourage each member to save on a regular basis and to ensure that his

or her account remained active as it was through members' savings that the credit union would grow to better serve its members, family and friends, through first class service and products.

He expressed his gratitude for having been given the privilege to serve the members throughout the year and thanked the Board of Directors, the General Manager and the staff, the Internal Auditor and the membership of the JDF Co-operative Credit Union for their support throughout the year.

The motion for the acceptance of the Supervisory Committee Report was moved by Major Bogle and seconded by Cpl Fraser. The motion was unanimously carried.

ELECTION OF OFFICERS

The President invited Miss Karen Lyttle from the Department of Co-operatives and Friendly Society to preside over the Election of Officers. Miss Lyttle presented the Report of the Nominating Committee.

Board of Directors

The members of the Board of Directors retiring were:
Maj Michael Anglin, Maj Clifton Lumsden, WO2 (Ret.) Everton Hay and WO2 Andre Shakespeare.

Recommended to serve and face the election were:
Maj Michael Anglin, Major Clinton Lumsden, WO 2 (ret'd) Everton Hay, WO2 Andre Shakespeare, Maj Keva Chong, Maj Garth Anderson and Maj O'Neil Bogle

Elected to serve for two years were:

Maj Michael Anglin, WO2 Andre Shakespeare, Maj Garth Anderson and Maj O'Neil Bogle.

A motion for the acceptance of nominations for the persons elected to serve on the Board of Directors was moved by Lt Col Khan and seconded by Miss Judith Salmon. The motion was unanimously carried.

Concern raised

Lt Col Khan pointed out that Major Garth Anderson was not retiring from the Credit Committee yet he was recommended and elected on the Board of Directors. He suggested that someone should be voted from the floor to fill the vacancy that will be created by removing Maj Garth Anderson from the Credit Committee. Miss Lyttle advised that the recommendation from the Registrar was that since the nomination set has changed and there was not a vacancy before the AGM, then someone should be coopted by the Credit Committee, after the AGM, when they held their meeting.

Credit Committee

The members of the Credit Committee retiring were:
WO2 Hamroy Roberts, Cpl William Gilzene and Mrs. Shakera Marshall-Fender.

Recommended to serve and face election were:
WO2 Hamroy Roberts, Cpl William Gilzene, Mrs. Shakera Marshall-Fender, Pte Curtis Wilmot, WO2 Lukel Miller and Miss Verece Campbell.

Elected to serve for two years were:
Cpl William Gilzene, Mrs. Shakera Marshall-Foster and WO2 Lukel Miller.

A motion for the acceptance of nomination of persons elected to serve on the Credit Committee was moved by Lt Col Khan and seconded by Maj Clifton Lumsden. The motion was unanimously carried.

Supervisory Committee

The members of the Supervisory Committee retiring were:
Capt Andres Pierce, Maj Courtney Dunkley, Warrant Officer Class 2 Steve Wallace, WO2 Carlean Sutherland, Sgt Courtney Williams, Miss Judith Salmon and Mrs. Fay Tomlinson.

The Nominating Committee recommended to face election were:

Capt Andres Pierce, Sgt Courtney Williams, Miss Judith Salmon, Sgt Shelroy Johnson, Cpl Gawayne Brown, Maj Karl McKen, Sgt Clayton Edwards and Maj Radcliffe Barrett.

Elected to serve were:

Capt Andres Pierce, Sgt Courtney Williams, Miss Judith Salmon, Sgt Shelroy Johnson, Cpl Gawayne Brown, Sgt Clayton Edwards and Maj Radcliffe Barrett.

A motion for the acceptance of nomination of persons elected to serve on the Supervisory Committee was moved by Mr. Jerome Clarke and seconded by Lt Col Khan. The motion was unanimously carried.

PRESENTATIONS

Mrs. Patricia Tomlinson, General Manager, indicated the credit union would be honouring some volunteers who had served the credit union well for well over five years. They were WO2 Carlean Sutherland, Mrs. Fay Tomlinson, Maj Courtney Dunkley and WO2 Steve Wallace who had all served on the Supervisory Committee. The General Manager presented the awards and thanked the volunteers for their years of dedicated service.

RESOLUTIONS

Resolution #2

Article 11 - Membership

The Chairman said that the aim of this resolution was to enable persons who lived within the environs of the JDF bases to be able to qualify as members and that the qualifying criteria would apply equally to those persons.

Miss Tracy-Ann Thomas asked if members would be able to

process loan applications on-line. The Chairman replied that the on-line loan application system was about to be available to members and will be up and running very shortly.

Lt Col Khan contributed that there were already a number of outstations. He asked the Chairman to remind members how those outstations were now being served by the credit union. The Chairman replied that there was only one location in Up Park Camp, so the outstations were now being served online and that there was continuous improvement of the online service, also the Conec platform and Mobile App allowed members to access their accounts and do transactions.

Lt Col Khan further asked if that was how the credit union intended to serve the communities' members who would be added to the membership bond. The Chairman said it had been a longstanding objective of the Credit Union Movement to establish common platforms, so the immediate plan was to establish partnerships with credit unions which would allow members the opportunity to go into any credit union to access service and transact business. Also there was an initiative to have a mobile bus which should be able to visit certain locations and offer certain services to the members.

Lt Col Khan was concerned that transacting business outside of Up Park Camp would change the character of the JDF Credit Union. He was also concerned about the potential risk that would be involved in opening up the membership in the way proposed, as he was not sure if it would be worth the potential gain. The Chairman replied that in terms of the risk, the Credit Union rules applied to all members, in terms of the fit and proper criteria. He said that they had already expanded the current bond to include family members and the Credit Union is one of the smallest size within its peer group.

The Chairman also pointed out that the JDF Credit Union had the lowest delinquency rate in the Credit Union Movement, yet the membership growth rate was the lowest. He said, the most prevalent cases of delinquency were among ex-service members and so the credit union ensured that some loans had guarantors and limits to the repayment period. He said these measures are put in place to ensure that the monies are secured.

Miss Thompson commended the Chairman on widening the bond. She enquired what system would be used to inform the wider communities. The Chairman said that they were also depending on the mass and social media and they are depending on members to inform their friends and members close to them.

A member asked what would happen if a member needed money urgently and the mobile unit would not be coming within the time that the money was needed. The Chairman said that they would be strengthening their online capacity and entering

into partnerships so that members can maintain their accounts and transact business from wherever they are.

Resolution #3

Article II - Membership

The Chairman said that the aim of this resolution was to increase the capital base by increasing the threshold for Permanent Shares to a minimum of two thousand five hundred dollars (\$2,500.00).

At this juncture the Chairman proposed a motion for members to vote en bloc on the resolutions at the end of presenting them. The motion was moved by Major Clifton Lumsden and seconded by Mr. Green. The motion was unanimously carried.

Resolution #4

Article VII - Board of Directors

Rule #51 - Tenure and Service

The Chairman said the essence of this resolution was that the credit union needed to determine the basis on which the volunteer would be expelled, if they failed to meet the fit and proper criteria.

Resolution #5

Article XII - Elections

Rule #119 - Nominating Committee

A correction was made that instead of fifteen members signing the petition it would be five members.

The Chairman said that this resolution sought to reduce the time from eighty days to file the nominations with the Secretary of the Credit Union to at least sixty days prior to the Annual General Meeting. Lt Col Khan said that part (b) **Interview and recommend one (1) member for each vacancy**, should be at least two members, so that there were more than one suitable qualified person to fill a vacancy. The Chairman sought the guidance of the Registrar of Co-operatives on the matter. It was agreed that it would be amended to be at least two members.

Resolution #6

The Chairman stated that the purpose of Resolution #6 was to qualify Rule #125. After a lengthy discussion, it was decided that more work needed to be done on Section (c) of Rule #125 to fix the language. He said Resolution #6 would be presented at the next AGM.

He stated that the rationale for this Resolution was that if there was an instance where at the end of the petition period there was not sufficient persons to fill vacancies, the election would not be conducted by ballot and the returning officer shall declare each nominee elected by general consent or acclamation at the annual meeting. The Committee's job was to be a source for the credit union to get volunteers and, so it was not wished that there would be any limitations except that the member would still need

to satisfy the petition, but the Nominating Committee would still need to put forward nominees. The Chairman said they were coming from a situation where people would be nominated from the floor. That was changed because they could be nominating somebody from the floor that did not meet the fit and proper criteria.

A member put forward that the Resolutions should not be taken en bloc, but individually. After voting individually for the resolutions by show of hands the results were: Resolution #2 was not carried.

Resolution #3

Resolution #3 was moved by Miss Anderson and seconded by Major Anglin. Resolution #3 was carried unanimously.

Resolution #4

Resolution #4 was moved by Corporal Fraser and seconded by Mr. Chester Bennett. Resolution #4 was not carried.

Resolution #5

The motion for the Resolution #5 was moved by Major Clifton Lumsden and seconded by Mr. Garth Anderson. Resolution #5 was carried unanimously.

Resolution #6

The motion for Resolution #6 was moved by Lt Col Khan and seconded by Major Clifton Lumsden. Resolution #6 was carried unanimously.

Any Other Business

Mrs. Janice Blake, Marketing and Communications Manager, said that the credit union now had new insurance policies with JCIA and CUNA. She said they covered among other things critical illness and at premium as low as four thousand dollars per year for one million dollar coverage. She encouraged members to take advantage of the offers and to tell their friends and family members about the plans. She said members could join through the credit union.

VOTE OF THANKS

The Vote of Thanks was moved by Miss Judith Salmon



Andre Shakespeare

Warrant Officer Class 2
Secretary







Seated:

Major Michael Anglin
-President

Standing Left - Right:

Mrs Donna Boland-Brown
-Assistant Secretary

Ex-Staff Sergeant Lenearth Anderson
-Director

Warrant Officer Class 2 Andre Shakespeare
-Secretary

Captain Kwame Gordon
-Director

Ex-Warrant Officer Class 2 Everton Hay
-Treasurer

Major Oneil Bogle
-Vice-President

Major Garth Anderson
-Director

Major Maxwell Gordon
-Assistant Treasurer



Board of Directors' **REPORT**

Major Michael Anglin, President

OVERVIEW

2017 has been a testing year for the JDF Credit Union in various ways and this year's report will seek to address a number of those testing issues and the activities undertaken to overcome them. An understanding of the environment in which we operated is a good place to start this report.

The Jamaican economy continued to improve in 2017 with a Gross Domestic Product (GDP) growth rate of 2% compared to 1.5 % for 2016. The foreign exchange rate ended the year at J\$125.55 to US\$1, an improvement of J\$3.09. The BOJ lending rate closed out at 10.52% compared to 11.58% for 2016.

“ *Going forward, we intend to continue the efforts to have our products and services delivered online.* ”

ACHIEVEMENTS

With those favourable conditions, we started the year with a set of strategic objectives that were arrived at our 2016 Annual Retreat, and were aimed at improving the overall success of our credit union. These objectives included increases in our Assets of \$292.21M, Value Added to our members of \$60.94M, Operating Expenses being kept within the 9% rate, Membership being targeted to grow by 1303, Loans growth of \$174.73M and Savings Growth of \$438.04M. These were ambitious targets from the onset, and were partly dependent on the extension of our Bond.

The request for the bond extension was not supported by you at the Annual General Meeting in April. This meant that those plans had to be recast and greater effort became necessary from your volunteers, management and staff.

The Annual General Meeting for the credit union's movement was held in May and your credit union, once again, outperformed the other six (6) credit unions in the Large Category as the Credit Union of the Year and was awarded the Renford Douglas Trophy. This award was being won by the JDF Credit Union for the third

time in four years, with the other year (2014) seeing us being Runner-Up. In addition to the Renford Douglas Trophy, the JDF Credit Union was given awards for Highest Solvency, Investor of the Year with CUFMC, and 1st Runner-up for Highest Number of New Accounts for Golden Harvest. Celebration of these achievements followed in July 2017 with giveaways, cash-backs, reduced interest rate and a movie night at the Carib Cinema. Thank you our beloved members for your business; please continue to build the success of your credit union through your commitment in making us your financial institution of choice.

July 2017 saw the resignation of the former President, Col Radgh Mason, as a result of his going overseas on course. That necessitated the co-opting of Ex-WO2 Everton Hay back to the board to fill the remaining period of Col Mason's tenure.

The performance in 2017 of our objectives was as follows:

- Assets grew by 12%
- Loans grew by 14%
- External Credit, which helped to support our liquidity, dropped from \$187.18M to \$88.375M.
- Savings saw a 21% growth
- Expenses performed better than projected, with an increase of 7%
- Institutional Capital grew by 12%.
- Membership growth was 65% of the target.
- Value Added to our members grew by 18%
- Surplus increased by 10.8%

The Board of Directors for 2017 worked assiduously to ensure that the business of the credit union was adequately attended to. Despite the demand of board members from their substantive jobs, the sacrifices were made and this saw the Board sitting for forty times during the year. Attendance by board members was as follows:

Board Members	Possible	Regular	Special	All Committee	Apology
Lt Col R N Mason	10	6	4		
Maj M A Anglin	40	12	23	3	2
Maj O A Bogle	33	9	19	2	3
Maj G O Anderson	33	9	13	0	11
Maj M Gordon	40	3	14	0	23
Capt K Gordon	40	9	9	0	22
WO2 A Shakespeare	40	11	23	3	3
Maj (Ret) C Lumsden	7	3	2	0	2
Mr L Anderson	40	12	12	3	13
Mr E Hay	39	9	20	3	7
Mrs D Brown	40	11	22	3	4

CHALLENGES

The International Financial Reporting Standards 9 (IFRS9) came into being on January 1, 2018. The reporting standards have significant impact on provisioning for loan loss and investments being made from day one. It requires investment in software packages and a restructuring of how we process loans and investments going forward. The job of the Board of Directors is to ensure that these changes have minimal impact on you our members and that process has already began.

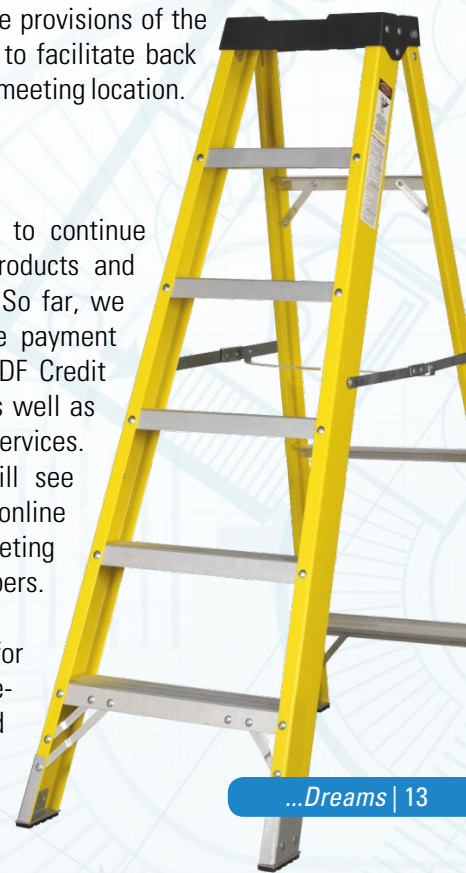
2018 is also the year that the impending Bank of Jamaica (BOJ) regulations for Jamaica's credit unions, are expected to be enacted. This will see credit unions being governed by the BOJ instead of the Jamaica Co-operative Credit Union League (JCCUL). These Regulations require credit unions to satisfy a number of requirements in order to be licenced to operate as a credit union. Preparations for these Regulations have been on track for some time now and your Board assures that when the regulations are promulgated, the JDF Credit Union will satisfy all the requirements to be granted a licence to continue operating and serving you our members. All our policies have been reviewed to ensure that they are current, as well as consistent with the provisions of the drafting information in these regulations.

The management and staff continue to operate in a restrictive physical space. Plans were afoot to benefit from the intended Welfare Square construction that was earmarked to have broken grounds by the end of 2017 but, to date, those plans have not materialised. This has created some challenges even with the ability of the Board and Committees to have a dedicated meeting area. Arrangements have however, commenced to maximise the provisions of the Business Continuity Centre to facilitate back office functions as well as a meeting location.

PLANS FOR 2018

Going forward, we intend to continue the efforts to have our products and services delivered online. So far, we are now able to do online payment of cheques between the JDF Credit Union and Sagicor Bank, as well as bank transfers for other services. Our marketing strategy will see the progressive use of online and high technology marketing media to reach our members.

Our outreach programme for our members who are deployed across the island will see the purchase of a



customized bus that will take staff members to designated location for that one-on-one interaction. The due diligence of establishing regional offices has begun and will continue in 2018, to meet the expansion of the JDF and the needs of those members outside of Up Park Camp. The drive to enrol new members of the JDF through the Jamaica National Service Corps will continue and, in addition to other categories, should see the membership level being increased significantly by the end of 2018.

We realise the need to review and reduce our fees and interest rates while maintaining the requisite inflows to adequately meet the expenses of running the credit union. New products are being looked at that will provide greater flexibility for you, especially those of you who are in the lower income groups, to access and benefit from more loans and saving benefits. We believe that the credit union belongs to you and as such, you should be the ones receiving the greatest benefit as we remain focussed on marching forward to build your wealth.

CONCLUSION

The Board of Directors wishes to thank you our members for having given us the responsibility and trust to oversee the affairs of your credit union. The efforts of the volunteers have been so important and rewarding in ensuring that the services are efficient and adequately audited to ensure a well run organisation. Special thanks to the volunteers who are members of the various committees that support the efforts of the management to provide greater efficiency and effectiveness to the various functions of the organisation. Finally, special thanks to the management and staff who have rallied very well to the tasking of the Board, despite the challenges that were experienced throughout the year.

I encourage you, the members, to continue to build your credit union with the financial choices you make, while encouraging others to take advantage of the offerings of the Jamaica Defence Force Co-operative Credit Union Limited.



Michael A. Anglin
Major
President





NOW AVAILABLE AT YOUR JDFCU

Energy Loan for Residential Purpose



FUNDING BY

**Development Bank
of Jamaica Limited**

- ✂ **90% financing**
- ✂ **Max loan amount: J\$2M**
- ✂ **Interest Rate: 9.5%**
- ✂ **Repayment period: 8 years**
- ✂ **Security required**

Available for the financing of residential energy projects, including:

- **Solar Water Heaters**
- **Photovoltaic Panels/Systems**
- **Wind Turbines**
- **Bio-Digesters**

Pictures from Home of a Satisfied Member



Pictures from Home of a Satisfied Member

*Service provided by our Partner
A-T Solar Ltd.*

Treasurer's REPORT

Ex-Warrant Officer Class 2 Everton Hay, Treasurer

“Your Credit Union recorded its highest surplus in the history of its existence...”

Fellow Co-operators:
Greetings and Salutations!

OVERVIEW OF THE ECONOMY

The International Monetary Fund (IMF) along with the Economic Program Oversight Committee (EPOC) continues to provide oversight of the Government of Jamaica's Economic performance in order to ensure that there are no deviations from the path of achieving the goals and objectives that were projected. The value of the Jamaican dollar remained fairly stable against its main trading partners and there was also a slight revaluation during the year. The Bank of Jamaica indicated that there was significant increase in the NIR. The experts describe these as positive indicators for the economy. The government continues to pursue a low interest rate model while the Bank of Jamaica is targeting inflation which is being replicated by countries that have seen the success in some economies.

PERFORMANCE

Yet another excellent year's performance by the JDF Co-op Credit Union Ltd. over 2016 where there is evidence of growth in all major targets. In hindsight most of the targets were very ambitious. Your credit union recorded its highest surplus in the history of its existence while maintaining expenses at 7% of total assets which was 2% below the target of 9%.

FINANCIAL HIGHLIGHTS

The results of our Credit Union are highlighted below. Let me share with you some of the significant financial accomplishments of our JDF Co-op CU as they appear in our Balance Sheet and the Income and Expenditure Accounts, respectively:

* Asset base

As at December 31, 2017 the JDF CU assets stood at \$1,960,994,000 a growth of 12% over the corresponding period last year. The Loan Portfolio stood at \$1,648,252,000 a growth of 14% over 2016.

* Capital

The accumulated Institutional Capital set aside from the annual appropriation of funds retained as regulatory reserves experienced a 16% growth over 2016, and therefore as at 31 December 2017 stood at \$625,346,000.

* Liabilities

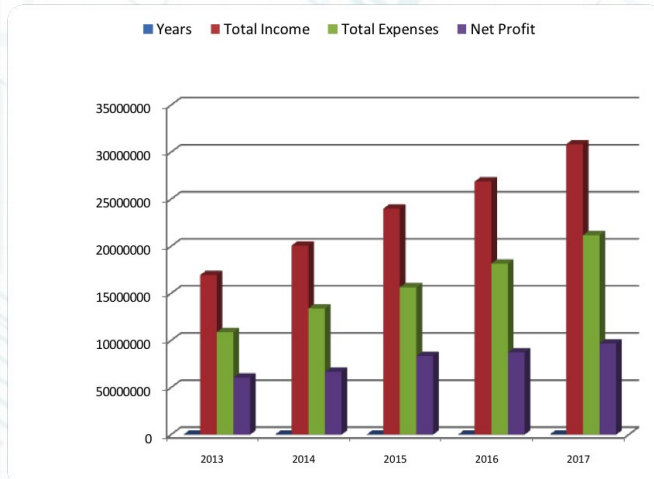
Total liabilities stood at \$1,335,648,000 with members' savings increasing by \$161,371,000 or 26% over 2016. External credit reflected a more than 100% decrease indicating that despite the excellent surplus of \$96.6M your credit union didn't borrow a cent to satisfy loan demand for the year.

Similarly, members' Voluntary Shares increased and now stood at \$396,952,000 a 12% increase above 2016.

* Income and Expenditure Account

Our Credit Union realized a surplus of \$96.6M compared to \$87.2M in 2016; this was an increase of \$9.4M or 11% over the previous period. The surplus was realized against the background of expenses being kept at 7% of total assets which exceeded the target of 9%.

See Income, Expenses and Profits chart below



* Interest Income on Loans

Loan interest income increased from \$213,173,000 to \$232,248,000 which is an increase of \$19,075,779 or 9% above 2016.

* Interest earned on Investment

The Credit Union also recorded an increase on investment income during the period under review and earned \$7,209,000 compared to the \$6,726,000 earned in 2016. This reflects an increase of \$483,000 or 8% compared to the previous period.

* Operating Expenses

Total Operating Expenses during this year increased from \$105,667,000 to \$126,466,000 or 20% over the corresponding period.

Table 1 below is a simplified version of our Income and Expenditure Statement for the periods ended December 31, 2017 and December 31, 2016.

Table 1

2017	Income	2016	Change over 2016	% Change over 2016
232,248,000	Interest on loans	213,173,000	19,075,000	9%
7,209,000	Interest on Investments	6,726,000	483,000	7%
68,992,000	Non-Interest Income	48,926,000	20,066,000	41%
2017	Expenditure	2016	Change over 2015	% Change over 2016
76,889,000	Personnel	66,158,000	10,741,000	16%
33,423,000	General Overheads	26,270,000	7,153,000	27%
67,110,000	Interest Expense	70,530,000	-3,420,000	-5%
16,144,000	Affiliation & Representation	13,239,000	2,905,000	22%

NEW REPORTING STANDARD

IFRS9 is a new International Financial Reporting Standard that changes the way how financial institutions calculate provisions for bad debt on loans and other types of financial instruments. It will replace an old standard called IAS 39 as of January 1, 2018.

IFRS9 requires that institutions carry out the relevant assessments to determine the probability of a default in relation to a loan and investment and to estimate the credit loss that could occur in the event of a default. Under IAS 39, provisions were calculated only when there was evidence that a default had occurred. Credit unions, for example calculated provisions by using the number of days past due. This is considered a backward looking way of calculating provision. IFRS9 is more forward looking. It assumes that there is always a probability that borrowers will default on their loans and so a provision based on this probability should be estimated even from day one of the loan agreement.

Institutions which have adopted the Standard since January 1, 2018 are required to calculate an opening impairment provision, known as the Expected Credit Loss (ECL), on the relevant

financial instruments that existed as at December 31, 2017. This is likely to result in an adjustment of the provisions carried forward into 2018. This could impact the capital of the institutions in the event that the ECL computed under IFRS9 is materially greater than the amounts assessed under the previous standards.

DELINQUENCY

There has been an increase in delinquency. Moving from 1.39% as at December 31, 2016 to 2.4% by December 2017. This has been a cause for concern for the Board and Management for which steps have been taken to maintain and ultimately lower the ratio. The Board approved the write off of bad debts in excess of \$8M during the year. A collections agency has been contracted to act on the credit union's behalf with a view to collect the outstanding sums.

MOVING FORWARD

The JDF Credit Union and indeed the entire Movement continues to prepare for the imminent implementation of the Bank of Jamaica CU Regulation. The job of the Board is to further streamline the operations of the Credit Union with robust governance policies and practices.

Further investment will be made in improving our business processes and reviewing our control mechanisms, especially in IT, in order to ensure that they are adequate to protect the funds of our members while giving them the best customer service experience. There will also be continuous review of our lending rate model while giving the best savings rate to members.

Your credit union is a creature of instructions and regulations and as such has begun the implementation of IFRS9. This will be done via a proposed transfer of funds from Unsecured Loan Reserve to Undistributed Surplus and will be included in the Resolution for Appropriation of Surplus.

The continued implementation of IFRS9 will certainly impact the lending model of the credit union and ultimately you our valued members. This will require a change in the culture as it pertains to savings and lending. Your credit union will comply with the regulators, in order to keep its doors open and continue serving you.

As we continue to be in preparation mode, let us keep an open mind in order to embrace the new paradigm and achieve success. Cost reduction and cost management will continue to be buzzwords at the Credit Union. We will continue our efforts to improve efficiencies and effectiveness while reducing cost to you, our members.

We have reviewed our lending and savings rates and in short order you should see a roll out of new rates which I am sure will be favourable to you. As was mentioned in the Board of Directors

Report your credit union will be extending its reach especially in light of the new crime fighting measures which has taken most of our members outside of Kingston by the purchase of a mobile unit to serve you. We remain cognizant of the need for a new credit union building to make our member experience more comfortable, satisfy ergonomics and other occupational health and safety requirements. Tremendous effort has been made to make this a reality however, it remains a work in progress due to some legal and administrative hurdles which are beyond our control.

Let us collectively continue to march forward building savings and wealth.

ACKNOWLEDGEMENT

Thanks to the TEAM of Volunteers, Management and Staff which collectively and consistently takes responsibility for the success of the entity. Without their insight, diligence, governance and commitment the JDFCCU strategic objectives and major targets which resulted in such an impressive performance for the year just ended 31 December 2017 could not have been realized.

On behalf of the Board, Volunteers, Management and Staff of the JDF CU, let me extend my heartiest, wholehearted and sincerest gratitude to you our invaluable members, as your demonstration of confidence, loyalty and trust in the JDF CU has not waned, generally.

Sincerest Regards,



Everton Hay

Ex-Warrant Officer Class 2
Treasurer





Start a
SHYDA
Fixed Deposit Account

Begin a journey of wealth

- This is an account where members are allowed to fix a set amount of money for a specific period of time.
- Members can start with a minimum of \$5,000.00.
- Funds may be fixed for 30 or 90 days.
- Members benefit from competitive interest rates on their deposit which is calculated daily.

Get started today!!

SNAPSHOTS 2017

AGM 2017 Highlights



Members Appreciation Day- Movie Night Out



Dreams Savings Promotion Winners



Treasure Chest Scholarship Awards 2016



SNAPSHOTS 2017

JCCUL Credit Union Awards Banquet



Cadets participate in JCCUL Financial Literacy Reality Fair





Earn while you save and reap...

- Above-market interest rate paid.
- Minimum savings of \$5,000 per month or lump sum deposit.
- Initial lump sum accepted.
- Investment period of 3 years.
- Saving goal is insured as per Golden Harvest insurance coverage.



DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES
(An Agency of the Ministry of Industry, Commerce, Agriculture and Fisheries)

**2 MUSGRAVE AVENUE
KINGSTON 10**

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

TEL: 927-4912/927-6572
or 978-1946 Fax: 927-5832
E-mail: dcfs@cwjamaica.com

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March 26, 2018

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

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the year ended December 31, 2017.

You must now hold the Annual General Meeting convened under **Regulation 19** of the Co-operative Societies Regulations, 1950. At least seven (7) days notice shall be given before the meeting is held.

A copy of your report, which you intend to present to the Annual General Meeting on the year's working of the Society as set forth in **Regulation 35** of the Co-operative Societies Regulations should be forwarded to this office.

Kindly advise me of the date of the Annual General Meeting, so that arrangements may be made for the Department to be represented.

Yours sincerely,

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

LGE/kd

c. The Secretary
Jamaica Co-operative Credit Union League

JAMAICA DEFENCE FORCE
CO-OPERATIVE CREDIT UNION LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2017



KPMG
Chartered Accountants
P.O. Box 76
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
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 Audit of the Financial Statements

Opinion

We have audited the financial statements of Jamaica Defence Force Co-operative Credit Union Limited ("the Co-operative") set out on pages 4 to 41, which comprise the statement of financial position as at December 31, 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Co-operative as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Co-operative Societies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Co-operative in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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 Audit of the Financial Statements (cont'd)

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Co-operative 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.

In preparing the financial statements, management is responsible for assessing the Co-operative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Co-operative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Co-operative's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT (CONT'D)

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 Audit of the Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

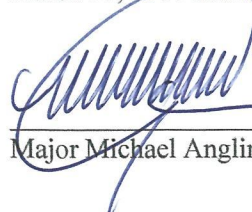
March 17, 2018

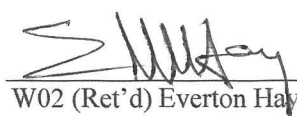
JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
(A Society Registered Under the Co-operative Societies Act)

Statement of Financial Position
December 31, 2017

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
ASSETS			
Earning assets:			
Loans, after provision for loan losses	3	1,648,252	1,447,151
Liquid assets	4	200,684	209,957
Financial investments	5	<u>55,549</u>	<u>53,897</u>
Total earning assets		<u>1,904,485</u>	<u>1,711,005</u>
Non-earning assets:			
Liquid assets	6	20,155	9,924
Other assets	7	7,061	6,881
Employee benefits	8	14,667	15,761
Property, plant and equipment	9	<u>14,626</u>	<u>13,434</u>
Total non-earning assets		<u>56,509</u>	<u>46,000</u>
TOTAL ASSETS		<u>1,960,994</u>	<u>1,757,005</u>
LIABILITIES			
Interest bearing:			
Savings deposits	10	779,727	618,356
Members' voluntary shares	11	396,952	356,444
External credits	12	<u>88,375</u>	<u>187,180</u>
		1,265,054	1,161,980
Non-interest bearing:			
Accounts payable and accruals	13	<u>70,594</u>	<u>54,176</u>
TOTAL LIABILITIES		<u>1,335,648</u>	<u>1,216,156</u>
EQUITY			
Members' permanent shares	14	20,358	15,368
Non-institutional capital	15	191,542	187,018
Institutional capital	16	228,738	204,932
Undistributed surplus		<u>184,708</u>	<u>133,531</u>
TOTAL EQUITY		<u>625,346</u>	<u>540,849</u>
TOTAL LIABILITIES AND EQUITY		<u>1,960,994</u>	<u>1,757,005</u>

The financial statements, on pages 4 to 41, were approved for issue by the Board of Directors on March 17, 2018 and signed on its behalf by:


 _____ President
 Major Michael Anglin


 _____ Treasurer
 W02 (Ret'd) Everton Hay

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, 2017

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
Interest income:			
Loans to members		232,248	213,173
Investments and deposits		<u>7,209</u>	<u>6,726</u>
		<u>239,457</u>	<u>219,899</u>
Interest expense:			
Members' deposits		(31,050)	(27,875)
Members' voluntary shares		(20,187)	(14,072)
Other financial costs		(15,873)	(28,556)
		<u>(67,110)</u>	<u>(70,503)</u>
Net interest income		<u>172,347</u>	<u>149,396</u>
Less: Provision for loan losses	3(b)	(10,058)	(1,226)
Direct loan write-offs	3	(8,122)	(4,200)
		<u>(18,180)</u>	<u>(5,426)</u>
		<u>154,167</u>	<u>143,970</u>
Non-interest income:			
Fees		64,685	47,128
Miscellaneous		<u>4,307</u>	<u>1,798</u>
		<u>68,992</u>	<u>48,926</u>
Gross margin		223,159	192,896
Less: operating expenses	17	(126,466)	(105,667)
Surplus for the year before honoraria and other payments		96,693	87,229
Honoraria fees		(2,500)	(1,969)
Scholarship fund		(1,500)	(1,000)
IT Enhancement Fund		(2,000)	(7,000)
Disaster relief fund		(1,000)	(1,000)
Surplus for the year		<u>89,693</u>	<u>76,260</u>
Other comprehensive (loss)/income:			
Re-measurement of employee benefit asset	8(b)	(2,762)	2,913
Fair value reserve		<u>386</u>	<u>556</u>
Other comprehensive (loss)/income for the year		<u>(2,376)</u>	<u>3,469</u>
Total comprehensive income for year		<u>87,317</u>	<u>79,729</u>

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, 2017

	Members' permanent shares \$'000 (note 14)	Non- institutional capital \$'000 (note 15)	Institutional capital \$'000 (note 16)	Undistributed surplus \$'000	Total \$'000
Balance at December 31, 2015	<u>14,292</u>	<u>145,962</u>	<u>187,466</u>	<u>115,249</u>	<u>462,969</u>
Total comprehensive income:					
Surplus for the year	-	-	-	76,260	76,260
Re-measurement of employee benefit asset	-	-	-	2,913	2,913
Change in fair value of investments	<u>-</u>	<u>556</u>	<u>-</u>	<u>-</u>	<u>556</u>
	<u>-</u>	<u>556</u>	<u>-</u>	<u>79,173</u>	<u>79,729</u>
Transactions with members, recorded directly in equity; contributions by and distributions to members and others					
Transfer to business continuity fund [note 15]	-	5,000	-	(5,000)	-
Transfer to unsecured loan reserve	-	30,000	-	(30,000)	-
Transfer to loan loss reserve [note 3(b)]	-	720	-	(720)	-
Transfer to statutory reserve	-	-	17,444	(17,444)	-
Transfer to employee benefit reserve	-	4,708	-	(4,708)	-
Share subscription and withdrawal	1,076	-	-	-	1,076
Dividends	-	-	-	(3,019)	(3,019)
Share transfer	-	72	-	-	72
Entrance fees	<u>-</u>	<u>-</u>	<u>22</u>	<u>-</u>	<u>22</u>
	<u>1,076</u>	<u>40,500</u>	<u>17,466</u>	<u>(60,891)</u>	<u>(1,849)</u>
Balance at December 31, 2016	<u>15,368</u>	<u>187,018</u>	<u>204,932</u>	<u>133,531</u>	<u>540,849</u>
Total comprehensive income:					
Surplus for the year	-	-	-	89,693	89,693
Re-measurement of employee benefit asset	-	-	-	(2,762)	(2,762)
Change in fair value of investments	<u>-</u>	<u>386</u>	<u>-</u>	<u>-</u>	<u>386</u>
	<u>-</u>	<u>386</u>	<u>-</u>	<u>86,931</u>	<u>87,317</u>
Transactions with members, recorded directly in equity; contributions by and distributions to members and others					
Transfer to business continuity fund (note 15)	-	5,000	-	(5,000)	-
Transfer to statutory reserve	-	-	23,700	(23,700)	-
Transfer to employee benefit reserve	-	(1,094)	-	1,094	-
Transfer to permanent shares	3,713	-	-	(3,713)	-
Share subscription and withdrawal	1,277	-	-	-	1,277
Dividends	-	-	-	(4,435)	(4,435)
Share transfer	-	232	-	-	232
Entrance fees	<u>-</u>	<u>-</u>	<u>106</u>	<u>-</u>	<u>106</u>
	<u>4,990</u>	<u>4,138</u>	<u>23,806</u>	<u>(35,754)</u>	<u>(2,820)</u>
Balance at December 31, 2017	<u>20,358</u>	<u>191,542</u>	<u>228,738</u>	<u>184,708</u>	<u>625,346</u>

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, 2017**

	<u>Notes</u>	<u>2017</u> \$'000	<u>2016</u> \$'000
Cash flows from operating activities:			
Surplus for the year		89,693	76,260
Adjustments to reconcile net surplus for year to cash flows provided by operating activities:			
Interest income		(239,457)	(219,899)
Interest expense		67,110	70,503
Depreciation	9	2,503	2,391
Employee benefit asset		(1,668)	(1,795)
Provision for loan losses	3(b)	<u>10,058</u>	<u>1,226</u>
		(71,761)	(71,314)
Interest received		239,408	220,269
Interest paid		(67,110)	(70,503)
Loans to members, net		(211,159)	(32,992)
Other assets		(131)	(484)
Accounts payable and accruals		<u>16,418</u>	<u>7,157</u>
Net cash used in/(provided by) operating activities		(94,335)	<u>52,133</u>
Cash flows from investing activities:			
Purchase of property, plant and equipment	9	(3,695)	(900)
Investments less unrealised gains		(1,266)	(1,341)
Net cash used by investing activities		(4,961)	(2,241)
Cash flows from financing activities:			
External credits, net		(98,805)	(102,701)
Savings deposits		161,371	164,819
Entrance fees		106	22
Dividends		(4,435)	(3,019)
Members' permanent and voluntary shares, net		<u>42,017</u>	<u>22,202</u>
Net cash provided by financing activities		<u>100,254</u>	<u>81,323</u>
Net increase in cash and cash equivalents		958	131,215
Cash and cash equivalents at beginning of year		<u>219,881</u>	<u>88,666</u>
Cash and cash equivalents at end of year		<u>220,839</u>	<u>219,881</u>
Comprised of:			
Liquid assets - earning	4	200,684	209,957
Liquid assets - non-earning	6	<u>20,155</u>	<u>9,924</u>
		<u>220,839</u>	<u>219,881</u>

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, 2017

1. **Identification**

The Jamaica Defence Force Co-operative Credit Union Limited (“the Co-operative”) is incorporated under the laws of Jamaica and is registered under the Co-operative Societies Act. The Co-operative is domiciled in Jamaica and its 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 (i) of the Co-operative Societies Act and Section 12 of the Income Tax Act.

At December 31, 2017, the Co-operative employed 31 persons (2016: 26).

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 are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Co-operative Societies Act.

New and amended standards that became effective during the year:

Certain new and amended standards came into effect during the financial year. The adoption of these standards did not result in any change to the presentation and disclosures in the financial statements.

New and amended standards in issue but not yet effective:

Certain new and amended standards have been issued which are not yet effective for the current year and which the Co-operative has not early-adopted. The Co-operative has assessed them and determined that the following are relevant:

JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
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Notes to the Financial Statements (Continued)
Year ended December 31, 2017

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

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

New and amended standards in issue but not yet effective (cont'd):

- The Co-operative is required to adopt IFRS 9, Financial Instruments, from January 1, 2018. The standard replaces IAS 39, Financial Instruments: Recognition and Measurement, and sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

It contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Based on its preliminary assessment, the Co-operative does not believe that the new classification requirements will have a material impact on its accounting for investments.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for short-term receivables without a significant financing component.

The Co-operative believes that impairment losses are likely to increase and become more volatile for assets in the scope of IFRS 9 impairment model, except for financial instruments measured at FVTPL as the impairment requirements do not apply to such instruments.

JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
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Notes to the Financial Statements (Continued)
Year ended December 31, 2017

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

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

New and amended standards in issue but not yet effective (cont'd):

- IFRS 9, *Financial Instruments* (cont'd)

IFRS 9 will require extensive disclosures, in particular for credit risk and ECLs. Currently, the Co-operative has developed a risk matrix which will assist in determining the risk ratings for new loans. The Co-operative's assessment also included an analysis to identify data gaps against current processes and the Co-operative is in the process of implementing the system and control changes that it believes will be necessary to capture the required data.

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as follows:

- The Co-operative will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement as well as impairment changes. Differences in the carrying amounts of financial instruments resulting from the adoption of IFRS 9 will generally be recognized in undistributed surplus as at January 1, 2018.
- The following assessments will have to be made on the basis of the facts and circumstances that exist at the date of initial application.
 - The determination of the business model within which a financial asset is held
 - The designation and revocation of previous designations of certain financial assets as measured at FVTPL.
- The Co-operative is required to adopt IFRS 15, *Revenue from Contracts with Customers*, from January 1, 2018. The standard established a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and IFRIC 13, *Customer Loyalty Programmes*.

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, 2017

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

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

New and amended standards in issue but not yet effective (cont'd):

- IFRS 15, *Revenue from Contracts with Customers* (cont'd)

The Co-operative will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

Management has assessed that the main impact of this standard is in respect of fees and interest income on loans to members. The Co-operative earns fees and interest income on its loan portfolio. Based on preliminary review, IFRS 15 is not expected to have a material impact on the timing and recognition of fees. However, management has not yet completed its assessment and the financial impact has not yet been determined.

- IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US\$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

The Co-operative is assessing the impact that this amendment will have on its 2019 financial statements.

JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
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Notes to the Financial Statements (Continued)
Year ended December 31, 2017

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

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

New and amended standards in issue but not yet effective (cont'd):

- Amendments to IFRS 9, *Financial Instruments*, effective retrospectively for annual periods beginning on or after January 1, 2019 clarifies the treatment of:

(i) Prepayment features with negative compensation:

Financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

(ii) Modifications to financial liabilities:

If the initial application of IFRS 9 results in a change in accounting policy arising from modified or exchanged fixed rate financial liabilities, retrospective application is required, subject to particular transitional reliefs. There is no change to the accounting for costs and fees when a liability has been modified, but not substantially. These are recognised as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

The Co-operative does not expect this amendment to have a significant impact on its future financial statements when it is adopted.

(b) Basis of measurement:

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 and have been rounded to the nearest thousands.

(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, liabilities, contingent assets and contingent liabilities at the reporting date, and the income and expense for the year then ended. Actual amounts could differ from these estimates.

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Notes to the Financial Statements (Continued)

Year ended December 31, 2017

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 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 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 loan portfolios with similar characteristics, such as credit risks.

(ii) Defined benefit plan:

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.

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Notes to the Financial Statements (Continued)

Year ended December 31, 2017

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

(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 (l)]. Cost includes expenditures that are directly attributable to the acquisition of the asset.

(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 will 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 annual 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:

Furniture and fixtures	-	10% per annum
Computers	-	20% per annum
Equipment	-	20% per annum
Containers	-	2.5% per annum
Leasehold improvements	-	5% per annum
Generator	-	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.

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, 2017

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

(f) Investments (cont'd):

Loans and receivables and held-to-maturity investments are initially measured at cost and subsequently at amortised cost, calculated on the effective interest rate method, less impairment losses [see note 2(1)]. 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 measured 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.

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 reporting date for an instrument with similar terms and conditions.

(g) Resale agreements:

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

The difference between the purchase and resale consideration is recognised in interest income using the effective interest method.

(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].

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Notes to the Financial Statements (Continued)
Year ended December 31, 2017

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

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

(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.

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 measured at cost less impairment losses [see note 2(1)].

(j) Other payables and accruals:

Other payables and accruals are measured at amortised cost.

(k) External credits:

External credits are recognised initially at cost. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

(l) Impairment:

The carrying amounts of the Co-operative's assets 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. 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.

JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
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Notes to the Financial Statements (Continued)
Year ended December 31, 2017

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

(l) Impairment (cont'd):

(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.

(m) 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.

(n) 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.

JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
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Notes to the Financial Statements (Continued)
Year ended December 31, 2017

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

(o) 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, National Insurance Scheme (NIS) contributions, annual vacation leave, and non-monetary benefits such as post-employment benefits in the form of 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 valuation was 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 reporting date on long-term government bonds with dates approximating the terms of the related liability. The calculation is performed 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 recognised 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 recognised 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, 2017

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

(o) 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 recognised 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.

(p) League fees and stabilisation dues:

JCCUL has determined the rate of calculating league fees at 0.20% (2016: 0.20%) of total assets. Stabilisation dues are computed at a rate of 0.15% (2016: 0.15%) of total savings.

(q) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity, in this case the Co-operative”).

(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.

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

(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.

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, 2017

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

(q) Related parties (cont'd):

(b) An entity is related to the Co-operative if any of the following conditions applies (cont'd):

- (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).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Co-operative or to the parent of the Co-operative.

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

(r) Financial instruments:

A financial instrument is any contract that gives rise to 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, members' voluntary shares, external credits and accounts payable.

(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

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Notes to the Financial Statements (Continued)

Year ended December 31, 2017

3. Loans to members

	<u>2017</u> \$'000	<u>2016</u> \$'000
Balance at start of year	1,447,151	1,415,385
Loans granted	<u>1,363,411</u>	<u>967,486</u>
	2,810,562	2,382,871
Less repayments and write-offs*	<u>(1,142,132)</u>	<u>(925,599)</u>
	1,668,430	1,457,272
Less: Provision for loan losses	<u>(20,178)</u>	<u>(10,121)</u>
	<u>1,648,252</u>	<u>1,447,151</u>

*Direct write-offs during the year amounted to \$8,122,000 (2016: \$4,200,000).

(a) Delinquent loans:

The following is a summary of delinquent loans at December 31, 2017:

<u>Period overdue</u>	<u>Loans in arrears</u>		<u>Savings</u> <u>held</u>	<u>Exposure</u>	<u>Rate of</u> <u>provision</u>	<u>Loan loss</u> <u>provision</u> <u>required</u>
	<u>Number</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>(%)</u>	<u>\$'000</u>
< 2 months	4	4,343	41	4,302	-	-
2 – 3 months	6	3,362	42	3,320	10	336
3 – 6 months	26	6,672	706	5,966	30	2,002
6 – 12 months	39	12,234	122	12,112	60	7,340
> 12 months	<u>16</u>	<u>8,270</u>	<u>43</u>	<u>8,227</u>	100	<u>8,270</u>
	<u>91</u>	<u>34,881</u>	<u>954</u>	<u>33,927</u>		<u>17,948</u>

The following is a summary of delinquent loans at December 31, 2016:

<u>Period overdue</u>	<u>Loans in arrears</u>		<u>Savings</u> <u>held</u>	<u>Exposure</u>	<u>Rate of</u> <u>provision</u>	<u>Loan loss</u> <u>provision</u> <u>required</u>
	<u>Number</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>(%)</u>	<u>\$'000</u>
< 2 months	8	1,070	22	1,048	-	-
2 – 3 months	4	490	3	487	10	49
3 – 6 months	11	2,476	23	2,453	30	743
6 – 12 months	24	5,121	183	4,937	60	3,072
> 12 months	<u>8</u>	<u>6,976</u>	<u>33</u>	<u>6,943</u>	100	<u>6,976</u>
	<u>55</u>	<u>16,133</u>	<u>264</u>	<u>15,868</u>		<u>10,840</u>

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.

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Year ended December 31, 2017

3. Loans to members (cont'd)

(b) Allowance for loan losses:

Allowance for loan losses determined during the year under the requirements of IFRS amounted to \$20,178,000. The movement is as follows:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Balance at start of year	10,120	8,894
Movement during the year recognised in profit or loss	<u>10,058</u>	<u>1,226</u>
Balance at end of year	<u>20,178</u>	<u>10,120</u>

Allowances made are in accordance with JCCUL provisioning requirements:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Specific provision (IFRS)	19,458	10,120
General provision	<u>720</u>	<u>720</u>
Balance carried forward	<u>20,178</u>	<u>10,840</u>

In keeping with IFRS, the general provision in the prior year was included in loan loss reserve and treated as an appropriation of undistributed surplus (note 15).

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

	<u>2017</u> \$'000	<u>2016</u> \$'000
Within 1-3 months	6,904	6,678
From 3 months to 1 year	44,676	39,446
From 1 year to 5 years	1,135,065	951,739
Over 5 years	<u>461,607</u>	<u>449,288</u>
	<u>1,648,252</u>	<u>1,447,151</u>

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Notes to the Financial Statements (Continued)

Year ended December 31, 2017

4. Earning assets – liquid assets

	<u>2017</u> \$'000	<u>2016</u> \$'000
Jamaica Money Market Brokers Limited		
– Resale agreement (i)	29,818	28,263
JCCUL – Resale agreement (i)	29,133	27,808
JCCUL – CUCASH	<u>141,733</u>	<u>153,886</u>
	<u>200,684</u>	<u>209,957</u>

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

5. Financial investments

	<u>2017</u>			
	<u>Remaining to maturity</u>			
	<u>Within 1</u> <u>year</u> \$'000	<u>1 to 5</u> <u>years</u> \$'000	<u>No fixed</u> <u>maturity date</u> \$'000	<u>Carrying</u> <u>value</u> \$'000
<u>Loans and receivables (carried at cost)</u>				
Deposits - JCCUL – CUETS	-	7,511	-	7,511
Deposits - JCCUL – CU PREMIUM	10,592	-	-	10,592
Deposits - JCCUL – Mortgage fund	-	12,331	-	12,331
Deposits - Victoria Mutual Building Society Mortgage fund	<u>-</u>	<u>2,406</u>	<u>-</u>	<u>2,406</u>
	<u>10,592</u>	<u>22,248</u>	<u>-</u>	<u>32,840</u>
<u>Available-for-sale (carried at cost)</u>				
JCCUL – permanent shares	-	-	2,008	2,008
JCCUL – unlisted shares	-	-	837	837
Credit Union Fund Management Company	-	-	1,500	1,500
Quality Network Co-operative – shares	<u>-</u>	<u>-</u>	<u>227</u>	<u>227</u>
	<u>-</u>	<u>-</u>	<u>4,572</u>	<u>4,572</u>
Carried at fair value *:				
JMMB Investment				
Giltedge Fund – Units	-	-	2,103	2,103
Barita Money Market Fund – Units	<u>-</u>	<u>-</u>	<u>16,034</u>	<u>16,034</u>
	<u>-</u>	<u>-</u>	<u>18,137</u>	<u>18,137</u>
Total	<u>10,592</u>	<u>22,248</u>	<u>22,709</u>	<u>55,549</u>

* These investments are classified as Level 2 in the fair value hierarchy.

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Year ended December 31, 2017

5. Financial investments (cont'd)

	<u>2016</u>			
	<u>Remaining to maturity</u>			
	<u>Within 1</u>	<u>1 to 5</u>	<u>No fixed</u>	<u>Carrying</u>
	<u>year</u>	<u>years</u>	<u>maturity date</u>	<u>value</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>Loans and receivables (carried at cost)</u>				
Deposits - JCCUL – CUETS	-	7,364	-	7,364
Deposits - JCCUL – CU PREMIUM	10,060	-	-	10,060
Deposits - JCCUL – Mortgage fund	-	11,848	-	11,848
Deposits - Victoria Mutual Building Society Mortgage fund	-	<u>2,302</u>	-	<u>2,302</u>
	<u>10,060</u>	<u>21,514</u>	-	<u>31,574</u>
<u>Available-for-sale (carried at cost)</u>				
JCCUL – permanent shares	-	-	2,008	2,008
JCCUL – unlisted shares	-	-	837	837
Credit Union Fund Management Company	-	-	1,500	1,500
Quality Network Co-operative – shares	-	-	<u>227</u>	<u>227</u>
	-	-	<u>4,572</u>	<u>4,572</u>
Carried at fair value*:				
JMMB Investment				
Giltedge Fund – Units	-	-	1,989	1,989
Barita Money				
Market Fund – Units	-	-	<u>15,762</u>	<u>15,762</u>
	-	-	<u>17,751</u>	<u>17,751</u>
Total	<u>10,060</u>	<u>21,514</u>	<u>22,323</u>	<u>53,897</u>

6. Non-earning assets – liquid assets

	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash in hand	4,609	2,646
Bank account balance	<u>15,546</u>	<u>7,278</u>
	<u>20,155</u>	<u>9,924</u>

7. Non-earning assets – other

	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Withholding tax recoverable	2,601	2,435
Interest receivable	512	463
Other receivable	2,664	3,290
Prepaid expenses	<u>1,284</u>	<u>693</u>
	<u>7,061</u>	<u>6,881</u>

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Notes to the Financial Statements (Continued)
Year ended December 31, 2017

8. Employee benefits

The Co-operative participates in a defined benefit plan operated by the Jamaica Co-operative Credit Union League Limited. This plan 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.

(a) Employee benefit asset:

	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Present value of funded obligations	(51,109)	(38,401)
Fair value of plan assets	<u>65,776</u>	<u>54,162</u>
Asset recognised	<u>14,667</u>	<u>15,761</u>

(b) Movement in the amounts recognised in the statement of financial position:

	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year	15,761	11,053
Employer's contributions paid	3,391	3,063
Pension expense recognised in profit or loss	(1,723)	(1,268)
Re-measurement (loss)/gain recognised in other comprehensive income	(2,762)	<u>2,913</u>
Balance at end of year	<u>14,667</u>	<u>15,761</u>

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

	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year	(38,401)	(27,715)
Current service and interest costs	(6,192)	(4,533)
Employees' contributions	(2,384)	(2,159)
Past service cost	(233)	-
	<u>(47,210)</u>	<u>(34,407)</u>
Actuarial re-measurement loss arising from:		
- experience adjustments	(1,061)	(1,432)
- changes in financial assumptions	(2,838)	(2,562)
	<u>(3,899)</u>	<u>(3,994)</u>
	<u>(51,109)</u>	<u>(38,401)</u>

JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
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Notes to the Financial Statements (Continued)
Year ended December 31, 2017

8. Employee benefits (cont'd)

(d) Movements in the plan assets are as follows:

	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year	54,162	38,768
Contributions paid	5,775	5,220
Interest income on plan assets	5,134	3,517
Administrative expense	(432)	(252)
Re-measurement gain	<u>1,137</u>	<u>6,909</u>
	<u>65,776</u>	<u>54,162</u>

(e) Plan assets consist of the following:

	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
J\$ Debentures	31,497	25,172
Resale agreements	2,400	6,428
Investment properties	10,648	8,177
US\$ Debentures	2,919	3,913
Certificates of deposit	3,199	4,525
Quoted equities	9,466	4,259
Real estate investment trust fund	632	489
Local registered stocks	4,534	-
Unit trust	1,723	749
Net current (liabilities)/assets	<u>(1,242)</u>	<u>450</u>
	<u>65,776</u>	<u>54,162</u>

(f) Amounts recognised in profit or loss:

	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Current service cost	2,629	2,086
Interest cost on obligation	3,563	2,447
Administrative expense	432	252
Interest income on plan assets	(5,134)	(3,517)
Past service cost	<u>233</u>	<u>-</u>
	<u>1,723</u>	<u>1,268</u>

(g) Amounts recognised in other comprehensive income:

	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Re-measurement loss on obligation	3,899	3,996
Re-measurement gain on plan assets	<u>(1,137)</u>	<u>(6,909)</u>
	<u>2,762</u>	<u>(2,913)</u>

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Notes to the Financial Statements (Continued)
Year ended December 31, 2017

8. Employee benefits (cont'd)

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

	<u>2017</u>	<u>2016</u>
Discount rate	8.0%	9.0%
Salary increases	6.0%	7.0%
Price inflation	5.0%	6.0%
Pension increases	<u>2.5%</u>	<u>3.0%</u>

(i) Sensitivity analysis of key economic assumptions:

Any change in the defined benefit obligation from one percent (1%) change in each of the key economic assumptions will have the following impact:

	<u>2017</u>		<u>2016</u>	
	<u>1%</u>	<u>1%</u>	<u>1%</u>	<u>1%</u>
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Discount rate	(10,989)	15,160	(8,168)	11,291
Future salary increases	8,096	(6,722)	6,306	(5,213)
Future pension increases	<u>5,482</u>	<u>(4,504)</u>	<u>3,813</u>	<u>(3,131)</u>

This analysis assumes that all other variables remain constant.

(j) 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 \$1,290,000 (2016: \$870,000).

(k) Liability duration:

	<u>2017</u>	<u>2016</u>
	<u>years</u>	<u>years</u>
Active members and all participants	<u>26.3</u>	<u>26.3</u>

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Notes to the Financial Statements (Continued)
Year ended December 31, 2017

9. Property, plant and equipment

	<u>Furniture and fixtures</u>	<u>Computers</u>	<u>Equipment</u>	<u>Containers</u>	<u>Leasehold improvement</u>	<u>Generator</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cost:							
December 31, 2015	3,467	4,056	5,499	7,026	8,546	2,467	31,061
Additions	<u>48</u>	<u>297</u>	<u>377</u>	<u>-</u>	<u>178</u>	<u>-</u>	<u>900</u>
December 31, 2016	3,515	4,353	5,876	7,026	8,724	2,467	31,961
Additions	<u>227</u>	<u>756</u>	<u>1,081</u>	<u>1,596</u>	<u>35</u>	<u>-</u>	<u>3,695</u>
December 31, 2017	<u>3,742</u>	<u>5,109</u>	<u>6,957</u>	<u>8,622</u>	<u>8,759</u>	<u>2,467</u>	<u>35,656</u>
Depreciation:							
December 31, 2015	2,720	2,758	3,897	3,476	2,833	452	16,136
Charge for the year	<u>155</u>	<u>271</u>	<u>625</u>	<u>677</u>	<u>416</u>	<u>247</u>	<u>2,391</u>
December 31, 2016	2,875	3,029	4,522	4,153	3,249	699	18,527
Charge for the year	<u>162</u>	<u>298</u>	<u>658</u>	<u>720</u>	<u>418</u>	<u>247</u>	<u>2,503</u>
December 31, 2017	<u>3,037</u>	<u>3,327</u>	<u>5,180</u>	<u>4,873</u>	<u>3,667</u>	<u>946</u>	<u>21,030</u>
Net book value:							
December 31, 2017	<u>705</u>	<u>1,782</u>	<u>1,777</u>	<u>3,749</u>	<u>5,092</u>	<u>1,521</u>	<u>14,626</u>
December 31, 2016	<u>640</u>	<u>1,324</u>	<u>1,354</u>	<u>2,873</u>	<u>5,475</u>	<u>1,768</u>	<u>13,434</u>

10. Savings deposits

	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Term deposits	130,041	100,266
SHYDA deposits	373,616	297,349
Regular deposits	126,323	103,821
Partner plan	21,772	22,215
SWYS Plus	90,035	76,933
Christmas special	2,492	1,965
Golden harvest	<u>35,448</u>	<u>15,807</u>
	<u>779,727</u>	<u>618,356</u>

11. Members' voluntary shares

	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of the year	356,444	335,388
Add new deposits	<u>573,679</u>	<u>485,334</u>
	930,123	820,722
Less withdrawals and transfers	<u>(533,171)</u>	<u>(464,278)</u>
	<u>396,952</u>	<u>356,444</u>

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Notes to the Financial Statements (Continued)
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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) Monies 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>2017</u>	<u>2016</u>
	\$'000	\$'000
JCCUL – Mortgage loan (i)	6,893	7,619
JCCUL – Liquidity support loan (ii)	41,936	89,686
JCCUL – Line of credit (iii)	39,433	79,837
Other (iv)	<u>113</u>	<u>10,038</u>
	<u>88,375</u>	<u>187,180</u>

- (i) This represents two loans granted by JCCUL to the Co-operative and bears interest at 7% per annum. The loans are on-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 five loans with original amounts aggregating \$150 million granted to the Co-operative by JCCUL. Three loans with original amounts aggregating \$100 million bear interest at 10.75% and the remaining two loans with original amounts aggregating \$50 million bear interest at 11% per annum. All loans are repayable between October 2017 and July 2019.
- (iii) This represents lines of credit granted by JCCUL to the Co-operative. These loans bear interest at 11% per annum and are repayable between October and November 2018.

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Notes to the Financial Statements (Continued)
Year ended December 31, 2017

12. External credits (cont'd)

- (iv) 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 between 5% and 11% per annum, depending on the deposit amount, and are repayable within 12-15 months.

13. Accounts payable and accruals

	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
IT enhancements	5,265	5,076
Withholding tax	428	552
Audit fees	1,800	1,181
Other payables and accruals	49,988	35,235
Unclaimed deposits	5,635	7,157
Standing order	3,824	2,697
Online ATM payable	2,697	1,511
Scholarship fund	<u>957</u>	<u>767</u>
	<u>70,594</u>	<u>54,176</u>

14. Members' permanent shares

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

	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Building reserve	10,000	5,000
General reserve	2,039	1,807
Employee benefit reserve	14,667	15,761
Loan loss reserve	720	720
Unsecured loans reserve	160,000	160,000
Investment reserve	<u>4,116</u>	<u>3,730</u>
	<u>191,542</u>	<u>187,018</u>

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Notes to the Financial Statements (Continued)
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15. Non-institutional capital (cont'd)

Building reserve:

This reserve represents an amount set aside for the construction of building. The amount transferred is determined by the members at the Annual General Meeting and are treated as distributions from the Co-operative's surplus for the year.

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.

Employee benefit reserve:

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

Unsecured loans reserve:

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.

16. Institutional capital

	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>
Statutory reserve	194,211	170,511
Capital reserve	<u>34,078</u>	<u>34,078</u>
	228,289	204,589
Entrance fees	<u>449</u>	<u>343</u>
	<u>228,738</u>	<u>204,932</u>

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

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, 2017

16. Institutional capital (cont'd)

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.

17. Operating expenses

	<u>2017</u> \$'000	<u>2016</u> \$'000
Staff costs:		
Salaries, allowances and contributions	67,376	58,717
Staff benefits	5,865	5,430
Staff training	1,935	743
Pension [note 8(f)]	<u>1,723</u>	<u>1,268</u>
	<u>76,899</u>	<u>66,158</u>
General overheads:		
Administrative expenses	3,188	250
Audit fees	2,267	1,560
Depreciation	2,503	2,391
Electricity	2,779	2,188
Insurance premiums	6,537	5,473
Marketing expenses	4,923	5,299
Office expenses	4,238	3,973
Professional and accounting fees	1,577	741
Printing, stationery and office supplies	2,495	2,211
Repairs and maintenance	788	456
Travel and subsistence	773	811
Telephone, cable, postage and telegram	<u>1,355</u>	<u>917</u>
	<u>33,423</u>	<u>26,270</u>
Affiliation and representation:		
League fees and dues	6,967	5,248
League Annual General Meeting	1,984	1,106
Board and Committee Meetings	4,604	4,164
Annual General Meeting	<u>2,589</u>	<u>2,721</u>
	<u>16,144</u>	<u>13,239</u>
Total operating expenses	<u>126,466</u>	<u>105,667</u>

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, 2017

18. 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>2017</u>		
	<u>Number</u>	<u>Loans</u> \$'000	<u>Shares and</u> <u>deposits</u> \$'000
Staff	24	68,978	15,586
Key management personnel	5	29,480	4,667
Volunteers	5	16,946	9,923
Staff's children and spouse	9	8,208	1,405
Volunteers' children and spouse	<u>4</u>	<u>4,839</u>	<u>1,023</u>
		<u>2016</u>	
	<u>Number</u>	<u>Loans</u> \$'000	<u>Shares and</u> <u>deposits</u> \$'000
Staff	21	51,266	7,878
Key management personnel	5	23,173	4,127
Volunteers	17	56,615	13,108
Staff's children and spouse	28	6,517	1,573
Volunteers' children and spouse	<u>28</u>	<u>387</u>	<u>691</u>

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.

19. Related parties

(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 18.

(ii) Key management personnel compensation is as follows:

	<u>2017</u> \$'000	<u>2016</u> \$'000
Short-term employee benefits (included in note 17)	<u>17,560</u>	<u>16,318</u>

20. Insurance

The Co-operative maintained life, savings and loan protection insurance coverage during the year. Premiums of \$300,000 (2016: \$232,000), which includes fidelity insurance coverage, were paid during the year.

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, 2017

21. Comparison of ledger balances

	Members' <u>Savings deposits</u> \$'000	<u>Loans, gross</u> \$'000	Members' <u>Voluntary shares</u> \$'000
General ledger	779,727	1,668,430	396,952
Members' ledger	<u>779,727</u>	<u>1,668,430</u>	<u>396,952</u>
Differences as at December 31, 2017	<u>-</u>	<u>-</u>	<u>-</u>

22. Fair values

Fair value is 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. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument.

Fair value hierarchy

IFRS specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. 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 techniques using a discount rate from observable market data, i.e. average of several brokers/dealers market indicative yields in active markets for identical assets or liabilities;
- Level 3: valuation techniques using significant unobservable inputs.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. 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
(A Society Registered Under the Co-operative Societies Act)

Notes to the Financial Statements (Continued)
Year ended December 31, 2017

22. Fair values (cont'd)

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

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 due to their short-term nature. The estimated fair value 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.

23. 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.

JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
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Notes to the Financial Statements (Continued)
Year ended December 31, 2017

23. Financial risk management (cont'd)

(b) Credit risk (cont'd)

(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.

Collateral

The Co-operative holds collateral against loans to members in the form of mortgages over properties, 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 resale 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 \$964,430,000 (2016: \$857,814,000).

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.

23. Financial risk management (cont'd)

(b) Credit risk (cont'd)

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

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.

Allowance 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.

Write-off policy

The Co-operative writes off a loan (and any related allowance 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 maximum credit exposure, i.e. the total amount of loss that the Co-operative would suffer if every counterparty to the Co-operative's financial assets were to default at once, is represented by the carrying amount of the financial assets shown on the statement of financial position as at the reporting 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.

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, 2017

23. Financial risk management (cont'd)

(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 JCCUL 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% (2016: 25%).

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.

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

	2017			
	Within 1 <u>Month</u> \$'000	3 to 12 <u>months</u> \$'000	1 – 5 <u>years</u> \$'000	Carrying <u>amount</u> \$'000
Savings deposits	130,881	332,385	316,461	779,727
Members' voluntary shares	271,575	-	125,377	396,952
External credits	-	46,718	41,657	88,375
Accounts payable and accruals	<u>70,594</u>	<u>-</u>	<u>-</u>	<u>70,594</u>
	<u>473,050</u>	<u>379,103</u>	<u>483,495</u>	<u>1,335,648</u>
	2016			
	Within 1 <u>Month</u> \$'000	3 to 12 <u>months</u> \$'000	1 – 5 <u>years</u> \$'000	Carrying <u>amount</u> \$'000
Savings deposits	135,847	233,893	248,616	618,356
Members' voluntary shares	225,889	-	130,555	356,444
External credits	-	-	187,180	187,180
Accounts payable and accruals	<u>54,176</u>	<u>-</u>	<u>-</u>	<u>54,176</u>
	<u>415,912</u>	<u>233,893</u>	<u>566,351</u>	<u>1,216,156</u>

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, 2017

23. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

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. Although the members' voluntary shares have no fixed maturity, the experience of the Co-operative over the years is that the withdrawal of the shares on a monthly basis is not likely to have any significant impact on the cash flows of the Co-operative.

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.

(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 not significantly exposed to foreign currency risk as it does not have significant balances that are denominated in currencies other than the Jamaica dollar.

(ii) Interest rate risk

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments 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.

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, 2017

23. Financial risk management (cont'd)

(d) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

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 on members' voluntary shares, savings deposits, external credits, loans to members, liquid assets and financial instruments is 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>2017</u> \$'000	<u>2016</u> \$'000
Fixed rate financial assets:		
Loans to members	1,648,252	1,447,151
Liquid assets	200,684	209,957
Financial investments	<u>32,840</u>	<u>31,574</u>
	<u>1,881,776</u>	<u>1,688,682</u>
	<u>2017</u> \$'000	<u>2016</u> \$'000
Fixed rate financial liabilities:		
Savings deposit	779,727	618,356
Members' voluntary shares	396,952	356,444
External credits	<u>88,375</u>	<u>187,180</u>
	<u>1,265,054</u>	<u>1,161,980</u>

Sensitivity analysis

Majority of the Co-operative's interest bearing financial instruments are at fixed rate therefore, a change in interest rates at the reporting date would not affect income. The Co-operative's variable rate instruments as at the reporting date are insignificant and therefore would not have a significant impact on the fair value of the instrument.

(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' permanent shares, institutional capital and non-institutional capital and undistributed surplus. Its dividend pay-out is made taking into account the maintenance of an adequate capital base.

JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
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Notes to the Financial Statements (Continued)
Year ended December 31, 2017

23. Financial risk management (cont'd)

(e) Capital management (cont'd)

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 11.7% (2016: 11.7%) which is in compliance with the requirements.

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

24. Contingencies

There are legal proceedings against the Co-operative of which the outcome is not yet known. No provision has therefore been made in these financial statements.



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Mobile: 419-9229 or 822-0134 (CUG)

MANAGEMENT TEAM



Tahnee Taylor
HR & Admin Manager

Marsha McGowan
Operations Manager

Patricia Tomlinson
General Manager

Alvin Reid
IT Manager

Allison Pessoa
Risk & Compliance Officer



Karlene Pitter-Cooper
Internal Auditor

Marva McGregor
Credit Risk Manager

Janice Blake
Marketing & Communications
Manager

Howard Powell
Finance Manager



HR & ADMIN DEPT.



Patricia Tomlinson
-General Manager

Tahnee Taylor
*-HR & Admin
Manager*

Frances Collie
*-HR & Admin
Assistant*

Sonia Clarke
-Office Attendant

ACCOUNTS DEPT.



Georgia Cornwall
-Accounting Officer

Howard Powell
-Finance Manager

Devon Fray
-Accounting Officer



CREDIT RISK DEPT.

Jason Stewart
-Credit Risk Officer

Marva McGregor
-Credit Risk Manager

Clarine Bogle
*-Collateral &
Delinquency
Officer*



INFORMATION TECHNOLOGY DEPT.

Garth Beckford
-IT Support Officer

Alvin Reid
-IT Manager

OPERATIONS DEPT.



Standing Left - Right:

Charlene Smith
-Member Service Officer

Kirlew Duncan
-Teller

Tricia Laylor
-Member Service Officer

Tabinna Leighton
-Teller

Camille Minott
-Member Service Officer

Monique Russell
-Teller

Rodraime Gibson
-Member Service Officer

Romario Johnston
-Member Service Officer

Seated Left - Right:

Marsha Morris-Barthley
-Senior Teller

Shackeria Williams
-Teller

Marsha McGowan
-Operations Manager

Melissa Brown-Morgan
-Member Service Officer

Marsha Segree-Boothe
-Member Service Supervisor

AUDIT & RISK & COMPLIANCE

MARKETING DEPT.



Karlene Pitter-Cooper
-Internal Auditor

Allison Pessoa
*-Risk and
Compliance
Officer*

Janice Blake
*-Marketing and
Communications
Manager*

Rochelle Fearon
*-Business
Development
Officer*

New Bond Members Link Up

Ministry of National Security



Civil Service Week Expo



PLAN COVERS

Death
(if the policyholder dies in an accident)
\$1.5M

Permanent total disability
(loss of limbs, eyesight or other disabilities)

Permanent partial disability
(loss of one limb, or eye) etc.

Temporary total disability
(fractured limb) etc.

Accidental Medical Expense Reimbursement

JCIA

Jamaica Co-operatives Insurance Agency Ltd.



MEMBERS PERSONAL ACCIDENT INSURANCE PLAN

easy as **123** *Speak to your credit union representative*

- ✱ No Medical Required
- ✱ Hassle Free Enrollment
- ✱ For Members Ages 16-69 years
- ✱ Low Low Premium
- ✱ Get Covered Today!!!

MEMBERS LIFE INSURANCE PLAN

MAIN BENEFITS

- ✱ \$1,000,000.00 - in the event of death from any cause
- ✱ NON Medical (No medical to join)
- ✱ For Members ages 18 - 74 years
- ✱ \$500,000.00 - living benefit to Members diagnosed with a terminal illness (cancer etc) paid upfront
- ✱ Very low premium paid once or twice per year



ADDITIONAL BENEFITS

- ✱ Critical illness (stroke, heart attack etc.)
- ✱ Parents insurance
- ✱ Children insurance
- ✱ Access to an additional \$2.5M in insurance coverage

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Credit Committee REPORT

Last year the Annual General Meeting of the Jamaica Defence Force Co-operative Credit Union was held on 20 April 2017. The following persons were elected to serve on the Credit Committee.

Major Heleda Thompson
Warrant Officer Class 1 Calvin Dryden
Warrant Officer Class 2 Ronald Johnson
Warrant Officer Class 2 Lukel Miller
Corporal William Gilzene
Mrs Shakeria Marshall-Fender

The newly elected Credit Committee met on 26 April 2017 and Major (then Captain) Heleda Thompson was elected as Chairman and Corporal William Gilzene as the Secretary.

Over the period under review the Credit Committee was responsible for the general supervision of all lending activity including the implementation, monitoring and evaluation of the overall loan programs to ensure compliance with the Board-approved policies. The year 2017 also saw the institution undergoing changes with the implementing of new policies and procedures. These new policies and procedures however, not only allowed for greater transparency but also greater efficiency which will eventually see members being able to access the Credit Union's products and services at a faster rate.

The Credit Union continued its thrust to implement new initiatives in order to improve member saving, stability of loan instruments and the strength-

ening of our asset base. As a Credit Union member, you benefit from lower interest rates on loans, higher interest rates on savings and lower fees on financial services. This is better than what you would receive if you had banked with a for-profit institution.

The JDF CCU had a successful year with over \$1.363.41B in new loans and ended the year with an outstanding loan portfolio balance of \$1.668.4B. The Committee observed however that there was an increase in the number of loan applications that required waivers based on the high debt service ratios. Most of the applications that were presented to the Committee for waivers were granted.

Below, Fig:1.1 shows a breakdown of loans seen and approved by the Credit Committee during the two (2) comparative periods:

Loan Description	2017	2016
Unsecured	\$6,868,889.89	\$ 5,863,488.23
Home Improvement	\$12,431,649.41	\$ 12,715,066.68
Motor Vehicle	\$66,204,395.10	\$ 61,499,152.98
Debt Consolidation	\$63,109,635.12	\$ 95,808,399.57
Furniture/House old Items	\$1,140,997.64	\$ 1,600,000.00
Educational Expenses	\$500,000.00	\$ 2,053,203.75
Medical Expenses	\$0.00	\$ 867,121.83
Personal Loan	\$18,638,006.35	\$ 9,049,660.18
Help Line	\$0.00	\$ 450,000.00
TOTAL	\$168,893,573.51	\$189,906,093.22

Fig 1.1

Below, Fig:1.2 is a comparative graph illustrating the movement of the loan which came to the Credit Committee over the period under review:

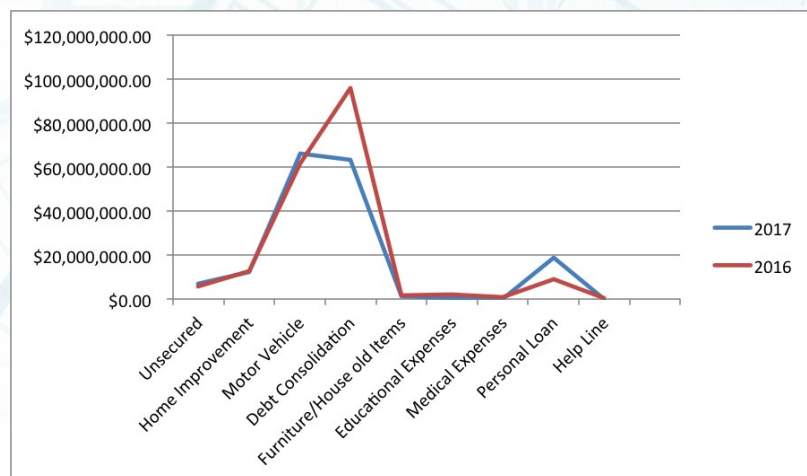


Fig 1.2

The \$189 million showed an overall increase in value of the loan applications when compared with \$168 million for the previous year. The increase in loan totals taken by members showed that they continue to exercise confidence in the institution's ability to improve their financial standing. However, it still remains a difficult task for the credit union to continue to remain competitive with the banks and other financial institution.

The delinquency portfolio over the period under review started the year at 1.107% and we closed the year at 2.13%. This showed an increase of 1.023%. Unemployment, migration, and the unwillingness of our members to pay were



some of the factors which caused the rise in delinquency. The total write off in loans for 2017 was \$8,122,789.32.

The Credit Committee takes the opportunity to express our deepest gratitude to the Board of Directors, Supervisory Committee and the members of staff of the Jamaica Defence Force Co-operative Credit Union for the guidance and assistance they provided and for affording us the opportunity to serve the Credit Union in this capacity,

To you the members, I would like to thank you all for the confidence placed in the Committee for serving you over the past year in our capacity as Credit Committee volunteers.

Special thanks to the Committee for your dedication and hard work, throughout the year and for your commitment in ensuring that our members' needs were met in a timely and professional manner.

Finally, to my fellow Co-operative members, I wish for you all a sound financial future, and that the Jamaica Defence Force Co-operative Credit Union, "our Credit Union", be ever on good footing and continue 'marching forward building wealth'.



Heleda Thompson

Major
Chairperson

The following members volunteered and were elected to serve on the Credit Committee for the year in review:



Left - Right:

Warrant Officer Class 2 Hamroy Roberts
-Member

Corporal William Gilzene
-Secretary

Major Heleda Thompson
-Chairperson

Warrant Officer Class 2 Lukel Miller
-Member

Mrs Shakera Marshall-Fender
-Member

Warrant Officer Class 2 Ronald Johnson
-Member

Missing:

Warrant Officer Class 1 Calvin Dryden
-Member

Nominating Committee REPORT

REPORT OF THE NOMINATING COMMITTEE TO THE 54th ANNUAL GENERAL MEETING OF JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LTD.

April 18, 2018

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

Major O'neil Bogle	-	Chairman
Corporal William Gilzene	-	Member
Miss Allison Pessoa	-	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

Major Maxwell Gordon
Captain Kwame Gordon
Staff Sergeant Leneath Anderson
Mrs Donna Marie Brown
Mr Everton Hay

Not Retiring

Major Michael Anglin
Major O'Neil Bogle
Major Garth Anderson
Warrant Officer Class 2 Andre Shakespeare

Unexpired Term

1 year
1 year
1 year
1 year

Recommended

Lieutenant Colonel Kirk Johnson
Major Marlon Kennedy
Major Heleda Thompson
Major Clifton Lumsden
Captain Kwame Gordon
Captain Andres Pierce
Mrs. Donna Marie Brown
Mr. Everton Hay

Term

2 years
2 years
2 years
2 years
2 years
2 years
2 years
2 years

CREDIT COMMITTEE

Retiring

Major Heleda Thompson
Warrant Officer Class 1 Calvin Dryden
Warrant Officer Class 2 Ronald Johnson
Warrant Officer Class 2 Hamroy Roberts

Not Retiring

Warrant Officer Class 2 Lukel Miller
Corporal William Gilzene
Mrs. Shakera Marshall-Fender

Unexpired Term

1 year
1 year
1 year

Recommended

Warrant Officer Class 1 Calvin Dryden
Warrant Officer Class 2 Hamroy Roberts
Warrant Officer Class 2 Ronald Johnson
Sergeant Michael Rowe

Term

2 years
2 years
2 years
2 years

SUPERVISORY COMMITTEE

Retiring

Major Radcliffe Barrett
Captain Andres Pierce
Sergeant Shelroy Johnson
Sergeant Courtney Williams
Sergeant Clayton Edwards
Corporal Gawayne Brown
Miss Judith Salmon

Recommended

Sergeant Juliet Clarke
Sergeant Shelroy Johnson
Sergeant Clayton Edwards
Sergeant O'neil Shirley
Sergeant Sherlon Campbell
Corporal Andrae Burnett
Corporal Gawayne Brown
Lance Corporal Brian Thompson
Miss Shana Gay Mitchell

Term

1 year
1 year
1 year
1 year
1 year
1 year
1 year
1 year
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

Lieutenant Colonel Kirk Johnson has been a member of the JDF Credit Union since 1992. He possesses extensive experience in military operations and benefited from several cross-sections of training and courses and has held several key appointments within the Jamaica Defence Force. Lieutenant Colonel Johnson holds Masters Degrees in Defence Studies from Kings College, London and National Security and Strategic Studies from the University of the West Indies.

Major Marlon Kennedy has been a member of the JDF Credit Union since 1998. He is currently the 2IC for 1st Battalion the Jamaica Regiment, Chief Instructor Caribbean Junior Command and Staff Course, Combat Support Battalion, JDF. He has held several positions within the Jamaica Defence Force. Major Kennedy is presently pursuing his Masters Degrees in Defence Studies from Kings College, London and National Security and Strategic Studies from the University of the West Indies.

Major Heleda Thompson has been a member of the JDF Credit Union since 1988 and served as a member of the Credit and Supervisory Committee and Secretary on the Credit Union's Board, and she is currently the Chairperson of the Credit Committee. She is presently the Personal Assistant to the Chief of Defence Staff. Major Thompson is the holder of diploma and

certificates in areas of studies including Supplies Management, Supervisory Management and Small Business Management.

Major Clifton Lumsden has been a member of the JDF Credit Union for twenty-six (26) years and has been a volunteer since 2007, serving initially on the Supervisory Committee. He previously served as Treasurer on the Board of Directors and also chaired other Sub-Committees. He holds a Bachelor of Science Degree in Human Resource Management and a Certificate in Management.

Major Lumsden is employed to the Bank of Jamaica and has experiences in areas such Accounting and Financial Management, Human Resource Management and Development, Project Management, Risk Management, Occupational Safety and Health, Disaster Preparedness and Emergency Management, Electronic Security Management and Fraud Detection. He also serves and is affiliated with several organizations including; Director – Eagles Drum and Bugle Corp, President - Business House Basketball Association, Board Chairman - Gaynstead High School, 1st Vice President – Lay Magistrates Association of Jamaica, Kingston Chapter, Secretary – National Union of Co-operative Societies (NUCS), Honorary Secretary – Commonwealth War Graves Commission (CWGC).

Major Lumsden has been awarded the Medal for General Service and the 'Operation Restore Democracy', Haiti

Captain Andres Pierce has been a member of the JDF Credit Union since 2009. He currently serves as the Chairman of the Supervisory Committee. He has been a volunteer since 2014 and also serves as the Assistant Treasurer on the Board of Directors. He is currently employed at the Finance Department at the Headquarters JDF and was the Acting Officer Commanding Military Pay and Records Company and also served as the Treasurer of the Jamaica Officers' Club. Capt. Pierce holds a Masters degree in Business Administration from the University College of the Caribbean and a Bachelor of Science degree (Hons.) in Banking and Finance from the University of the West Indies. Captain Pierce volunteers with the Kiwanis North St Andrew – Community Outreach.

Captain Kwame Gordon has been a member of the JDF Credit Union since 2004 and currently serves on the Credit Union's Board and also chairs other Sub-Committees. He has been a volunteer since 2013. Capt. Gordon has been an Attorney-at Law since 1998 and is a member of the Commercial and Litigation Department of the law firm, Samuda & Johnson. Capt. Gordon holds a Bachelor of Law degree, LLB (Hons) from the University of the West Indies and currently serves as an officer at the Third Battalion The Jamaica Regiment.

Mr. Everton Hay has been a member of the JDF Credit Union since 1982. He currently serves as the Treasurer on the Credit Union's Board and also a member on other Sub-Committees. He has been a volunteer since 2005 and initially served on the Credit Committee. He was employed at the Technical Training Institute

as Warrant Officer - Accounts and Audit Control and Quality Assurance. He retired from the JDF as a Warrant Officer Class 2. Mr. Hay holds a Bachelor of Science Degree in Business Administration and Diplomas in Project Design, Implementation & Management and Supervisory Management and Certificates in Marine Engineering (Shift Mechanic) and Electrical Installation.

Mrs. Donna Marie Brown has been a member of the JDF Credit Union since 1990. She currently serves as the Assistant Secretary on the Credit Union's Board and also as a member of other Sub-Committees. She is currently employed at the Ministry of National Security, having been previously employed as the 2IC Pay and Records Office (PRO) with responsibility for the Main Accounts. Mrs. 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 certificates and is currently pursuing Association of Chartered Certified Accounts (ACCA).

CREDIT COMMITTEE

Warrant Officer Class 1 Calvin Dryden has been a member of the JDF Credit Union since April 1991 and currently serves as a member of the Credit Committee. He currently serves as the Regimental Sergeant Major Permanent Staff Instructor at the Third Battalion The Jamaica Regiment (National Reserve).

Warrant Officer Class 2 Hamroy Roberts has been a member of the JDF Credit Union for twenty-three (23) years. He is currently the Warrant Officer in charge of HQ JDF Legal Office. W02 Roberts holds Diplomas in Supervisory Management and Paralegal Studies as well as Certificates in Occupational Safety and Health and Paralegal Studies.

Warrant Officer Class 2 Ronald Johnson has been a member of the JDF Credit Union since December 2003 and currently serves as a member of the Credit Committee. He has been a member of the Jamaica Defence Force for over twenty years and currently serves at the Military Police Company as the Units Company Sergeant Major.

Sergeant Michael Rowe has been a member of the JDF Credit Union since September 1996. He is currently employed as a Pay Sergeant at the JDF Pay and Records Office. His previous experiences include stints as an Accounts Clerk at the Jamaica Officers' Club for eight years and also acting Club Manager for two years. Sgt Rowe holds certificates in a myriad of disciplines including Information Technology, Service Funds Accounting and General Duties Clerk. Additionally he holds a Diploma in Motor Vehicle Repairs from the Jamaica German Automotive School. He is presently pursuing an Associate Degree in Event and Entertainment Management.

SUPERVISORY COMMITTEE

Sergeant Shelroy Johnson has been a member of the JDF

Credit Union since 2005 and currently serves as a member of the Credit Union's Supervisory Committee. He is currently employed at the JDF Pay and Records Office for over eight years and is presently the Class One Pay Sgt/Service Funds Clerk. Sgt Johnson has to his credit a number of certificates and has received training in Team Organization and Project Management, Mentorship and Documentation, Customer Service and Troubleshooting.

Sergeant Clayton Edwards has been a member of the JDF Credit Union since 1997 and currently serves as a member of the Credit Union's Supervisory Committee. He has over seventeen years experience in Finance/Accounts of which 9 years was at the JDF Pay and Records Office as the Payroll Supervisor. He currently Heads the Accounts Department at 1 ER as the Pay Sergeant. Sgt Edwards holds a Diploma in Leadership Development and Certificates in Military Pay Clerk and Military Stores.

Sergeant Sherlon Campbell has been a member of the JDF Credit Union since 2002 and currently serves as a member of the Credit Union's Supervisory Committee. He is currently employed at the JDF Pay and Records Office as a Class one Pay Sergeant. Sgt Campbell has experience in areas such as Auditing and Budgeting and also has training in Team Organization and Project Management, Mentorship, Documentation and Customer Service.

Sergeant Juliet Clarke has been a member of the JDF Credit Union since 2003 and has over fifteen years of military experience. She is currently employed as the Clerk Military at Head Quarters Jamaica Defence Force and she has benefited from a number of training and Military Courses.

She is presently pursuing a BSc in Marketing at the University of the Commonwealth Caribbean and holds Certificates in Business Administration, Supervisory Management and Small Business Management.

Sergeant Clarke service extends beyond the JDF as she is affiliated with a number of organizations including, Royal Air Forces Association, Tourism Action Club and Inter-school Christian Fellowship.

Sergeant O'neil Shirley has been a member of the JDF Credit Union since 2002. He is currently employed as the Senior Non Commissioned Officer (SNCO) J5 Staff and has worked in several capacities including Orderly Room Sergeant, Platoon Sergeant and Section Commander.

Sgt Shirley holds a number of Certificates including Mechanical Maintenance Level 2 & 3, Business Administration Assistant Level 2 & 3 and Interior Decorating.

Corporal Gawayne Brown has been a member of the JDF Credit Union since 2013 and currently serves as a member of the Credit Union's Supervisory Committee. He is currently employed at the JDF Pay and Records Office since 2010 and is presently the Class Two Pay Service Funds Clerk. Cpl Brown has experience in areas

such as Accounting and Inventory Management. He has training in Team Organization and Project Management, Mentorship and Documentation, Customer Service, Data Manipulation (MS Excel) and Troubleshooting. He holds Diplomas in Computer Professionals, Level 4 Certified Accounting Technician (UK), and is currently pursuing Association of Chartered Certified Accounts (ACCA) UK.

Corporal Andrae Burnett has been a member of the JDF Credit Union since 2009. He has over six years experience working in the Finance Office HQ JDF as a Bills Clerk with two years being in charge of the Bills Section. Cpl. Burnett has a wealth of experience and training in Government Accounting, General Duties Clerical and Microsoft Office and also holds a Bachelor of Science Degree in Banking and Finance (minor in Economics) with Honours.

Lance Corporal Brian Thompson has been a member of the JDF Credit Union since 2015. He is currently employed at the Finance Department at the HQ JDF as the second in command for the Bills Section. He previously worked as the Accounts NCO, JDF Military Police Company with portfolio responsibilities of organizing and developing the companies account and investments.

Miss Shana Gay Mitchell has been a member of the JDF Credit Union since April 2008 and she worked at the Head

Quarters Jamaica Defence Force as a Junior Non-Commission Officer for eight years. She benefited from several training and Military Courses to include Military Intelligence and Security, Surveillance Techniques and Serious Organized Crimes.

Miss Mitchell is presently an Immigration Field Officer with the Passport Immigration and Citizenship Agency and has training and experiences in areas such as Intelligence Gathering and Analysis, Human Trafficking, Cyber Crimes Investigation and Investigation & Surveillance Techniques.

She holds a Bachelor of Education Degree in Computer Education from the Mico University College and an Associate Degree in Management Information Systems from Moneague College. She is currently pursuing a MSc Degree In National Security and Strategic Studies.

Miss Mitchell volunteers and serves in the capacity as a Justice of the Peace for Kingston and The Ministry of Justice – Mediation in Inner City Communities.

JDF CU Staff shares with members at Children's Christmas Party 2017



Supervisory Committee REPORT

Captain Andres Pierce, Chairman

THE COMMITTEE

Over the period in review, the Supervisory Committee assisted the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Credit Union's process for monitoring compliance with policies and regulations and the code of conduct. The Supervisory Committee stood as an independent, objective assurance, and consulting body which added value and served to improve the Credit Union's operations. The Committee, through its activities, helped the Credit Union to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance.

The following persons were duly elected to serve on the Supervisory Committee at the last Annual General Meeting for one (1) year.

Capt Andres PIERCE
SSgt Courtney WILLIAMS
Sgt Shelroy JOHNSON
Sgt Clayton EDWARDS
Cpl Gawayne BROWN
Ms Judith SALMON

SCOPE OF WORK

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

Staff Operations
Member Complaints
Verification of Loans
Bank Reconciliation
Cash and Vault Checks
Securities
Investment Instruments
Member Accounts
Staff Accounts
Delinquency
Statutory Payments



Left - Right:

Sgt Shelroy Johnson

SSgt Courtney Williams

Cpl Gawayne Brown

Capt Andres Pierce

Ms Judith Salmon

Sgt Clayton Edwards



OPERATIONS

For the year in review, the Supervisory Committee, comprising of a rounded team of both civilian and military members, tackled the demands of both the members and staff of the Credit Union. The use of the Credit Union's resources to effectively and efficiently meet this demand was the chief priority of the Committee through its relentless regulatory efforts.

Consistent with its mission, the Supervisory Committee throughout the year reviewed, along with management and the Internal Auditor, the policies, activities, staffing, and organizational structure of the Credit Union. The effectiveness of the system for monitoring compliance endured constant testing throughout the year to confirm that policies and regulations were being adhered to. On a monthly basis the Committee reported to the Board of Directors about Committee activities, issues, and related recommendations.

The Supervisory Committee continues to encourage each and every member to save on a regular basis and to ensure that his or her account remains active and in good standing. It is through your savings that this Credit Union will grow to better serve you, our valued member, through first class service and products.

ACKNOWLEDGEMENTS

On behalf of the Committee I would like to express our gratitude for having been given the privilege to serve you throughout the year. We would also like to thank the Board of Directors, the General Manager and her staff, the Internal Auditor and the membership of the JDF Co-operative Credit Union for their unwavering support throughout the year.

Andres Pierce

Captain
Chairman



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 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 move 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.

270111 DEVON VANRIEL, JR

229089 MICHAEL FRASER

226207 LINTON LYNCH

218402 DESLAND MORRISON

226269 DANNY BRISSETT

222360 LORENZO FERRIGON

228187 GAWAIN BROWN

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slightly textured appearance and is set against a dark background.



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