



JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LTD.

Family
Indemnity
Plan. Golden
Harvest. Treasure
Chest Account.
SHYDA Fixed
Deposit. Partner
Plan. SWYS Plus.
Deferred
Shares.



Delivering Value...
Realizing Dreams

ANNUAL REPORT 2015





REALIZE YOUR DREAMS



JDF CO-OPERATIVE CREDIT UNION LTD.

Marching forward... building wealth www.jdfcreditunion.com





Mission Statement

To enhance the financial well-being of our members



Core Values

- ~ **INTEGRITY**
- ~ **EFFICIENCY**
- ~ **MEMBER-CENTRIC**
- ~ **PROFESSIONALISM**
- ~ **INNOVATION**



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.



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Agenda

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 52nd Annual General Meeting
6. Matters Arising
7. Reports:
 - Board of Directors
 - Auditor and Treasurer
 - Credit Committee
 - Supervisory Committee
8. Marketing Focus
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

ASSET BASE

↑22%

NET SURPLUS

↑23.3%

CAPITAL BASE

↑18.3%

LOAN PORTFOLIO

↑28%

Minutes of the 52nd ANNUAL GENERAL MEETING

Ex-Warrant Officer Class 2 Everton Hay
Secretary

NOTICE OF MEETING

Notice is hereby given of the 53rd Annual General Meeting of the Jamaica Defence Force Co-operative Credit Union Limited to be held on Wednesday, April 20, 2016 at the Jamaican Military Museum and Library, Up Park Camp, Kingston 5, and beginning at 12:30 p.m.



Warrant Officer Class 2 Everton Hay
Secretary

MINUTES OF THE 52ND ANNUAL GENERAL MEETING

Held on Thursday, 16th of April 2015 at the Jamaican Military Museum and Library, Up Park Camp, Kingston 5.

Call to Order

The meeting was called to order at 1334 hours (1:34 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 Capt Heleda Thompson, following which the prayer of St Francis of Assisi was recited by all.

Notice of Meeting

The Notice was read by the Secretary, W02 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 fifty-second (52nd) Annual General Meeting. He extended special welcome to the Acting Chief of Defence Staff; Brigadier Rocky Meade, President of the Jamaica Co-operative Credit Union League (JCCUL), Mr. Derrick Tulloch and members of his team, Miss Carlene Barnes (CUFMC), the Registrar, Miss Jacqueline Allen and Mr. Clifton Freeburn (Department of Friendly Societies), Mr. Albert Smith (NUCS), Miss Philippa Beckford (CUNA) and from sister credit unions, Miss Hope Mowatt (Grace CCU), Miss Natasha Scott (Police CCU), Miss Joydene Jarrett (JPS & Partners CCU).



Obituaries

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

Gawaine Peart	Ranford Scafe
Lloyd Parris	Wenton Bailey
Jason King	Natasha Benjamin
Edward Lambert	Precious Campbell
Owen Hyman	

The President then called on the Vice-President to introduce the Guest Speaker, as the Minutes would be taken after the AGM booklets were circulated.

Introduction of Guest Speaker

The Vice President, Maj Michael Anglin introduced the Guest Speaker, Miss Georgia Morrison, Credit Manager for the Credit Union Fund Management Company (CUFMC), who possessed twenty years experience in the financial industry. He explained that she was also responsible for analyzing, structuring and presenting credit application for diverse industry segment of commercial banks.

Guest Speaker

Miss Morrison said that successfully managing money starts with the big 'C' which is control. She continued by saying that it was easy to convince oneself that there was a need to purchase a new TV or go on vacation however the truth was that there were not many things that we needed in life. She then explained the difference between needs and wants and the need to say "no" to some of those nice to have things that stand in the way from day to day. She stressed the need to avoid wants. Miss Morrison highlighted seven important steps for financial success: including setting goals, tracking expenses, automatic savings among others.

Minutes of The 52nd AGM

The Minutes of the 52nd Annual General was read by the Chairman, Lt Col Radgh Mason who apologized for the delay in delivering the booklets. He said that the Minutes were contained in pages 8 to 11 in the booklet.

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 Mrs. Fay Tomlinson and seconded by Col Daniel Price. The motion was carried.

Matters Arising From The Minutes

There were no matters arising from the minutes of the 52nd Annual General Meeting.

Report of The Board of Directors

The Chairman said that the year 2014 was a good one for the

Credit Union and a trying year for the membership and the country as we dealt with the financial challenges. He continued by saying that his presentation would focus on the strategic decisions that the Board of Directors took, the performance of the Credit Union and the articulation of the way forward.

He indicated the economic environment proved to be challenging for members. Primarily, the five years wage freeze, while commodity prices continued to increase and the Credit Union faced fierce competition from commercial banks that were offering unsecured loans at relatively low rates. The Chairman also spoke about the regulatory environment which required credit unions to begin preparation for the pending Bank of Jamaica Regulations and which caused some credit unions to pool resources and enter into mergers. He informed members that the JDF Credit Union, based on a strategic decision however had not chosen to go the route of a merger but to increase the bond to include other family members and affiliate organizations, such as ex-soldier association, with a view to increase membership.

Col Mason highlighted the fact that the Credit Union was giving loans at the best rates and was offering the best rates on savings. He told the audience that the Credit Union's formula of giving back the surplus to its members was the best formula.

The Chairman made mention of the restructuring of the Credit Union's staff in order to improve efficiency, improving the marketing efforts, upgrading of MIS platform to guard against fraudulent activities and partnership with the JDF family as initiatives taken during the year. He emphasized that the need for the Credit Union to embark on a legacy project was also a priority and discussions were being held with HQ JDF. He also summarized the performance of the JDF Credit Union as follows:

Total Assets increased by approximately 14% up from \$1.144 Billion to 1.305 billion, Liquid Assets increased by 3.4% from \$108.1 Million to \$111.08 Million. Financial investment increased by 15.2%, from \$42 million to \$48.4 million. Loans to members increased by 16.78%, from \$943.7 Million to \$1.102 billion. Overall income for the period increased from the \$60.63 million to \$66.83 Million or approximately 10 percent.

He said that the Credit Union was also proud to have been awarded the 2013 Renford Douglas Credit Union of the Year Award in the Large Credit Union Category after having attained an asset base of One Billion Dollars.

In closing the Chairman thanked members of the Board of Directors, Volunteers, management and staff of the JDF Credit Union and valued members for their continued support during the previous year.

Lt Col J Ogilvie asked a question of the Chairman, “Based on the strategic section of your report, how is it that you will get other persons to become members of the JDF Credit Union”? The Chairman replied that the intent would be similar to that of NCB where there are several branches where members can conduct business and that the QNET platform was designed for such situation. It was not intended to recruit members from other Credit Unions but to allow access which was in the spirit of the movement”.

The Report was accepted on a motion moved by Mrs. Patricia Tomlinson and seconded by Maj Maxwell Gordon. The motion was unanimously carried.

Independent Auditor’s Report

The Auditor’s Report was read by Miss Beswick of the firm KPMG Chartered Accountants. The Report was contained in pages 26 and 27 of the booklet.

Treasurer’s Report

The Treasurer began his Report by indicating that the Jamaican economy was experiencing some impact including the successful implementation of a debt exchange, the fluctuating oil prices, a public sector wage freeze, foreign direct investments that were expected, the construction of the logistic hub, hotel developments, road improvements, increased tourists arrivals and stop overs and possibly the revitalization of the bauxite/alumina sector. Nevertheless, the Jamaican economy was expected to be on a positive growth path certainly in the very near future.

Economic Environment

He highlighted the debt exchange and the implementation of IMF extended fund facility and the government having successful passed all six tests to date, it was notable that inflation rate as of 2014 was at 6.4% compared to 9.5% in 2013. He also said that notwithstanding the declining global world oil prices and those reductions, the country was still not seeing and feeling it directly in the pocket but remained hopeful that the local interest rates would continue to hang between 6.5% and 9.5% for the 30 days and the various instruments especially, the Treasury Bills over the year period.

Achievement

The Treasurer indicated that 2014 was another successful year for the Credit Union with growth in most, if not all areas, least among them was net growth in the savings portfolio of 5.67%. He reported that a total of \$115m in value added to members was achieved.

Performance

The Treasurer reiterated the financial achievements highlighted by the President. He however indicated that operating expenses to total ratio was not where it was desired and savings fell short of target. He said the Credit Union’s overall performance for 2014 was commendable.

Way Forward

The Treasurer said that the JDF Credit Union stood ready and committed to the continued building of a solid base on which to launch any new opportunities and to position for future business growth coupled a diversified business model. He said that the Credit Union made it abundantly clear that it was committed to the delivery of a sustainable and profitable going concern. He further spoke to the bond extension that would facilitate the levels of growth and development envisaged for the JDFCU going forward. In closing he asked the members to continue to demonstrate trust and confidence in the JDF Credit Union as its performance spoke for itself.

The Report was accepted on a motion moved by and seconded by W01 Errol Beckford and W02 Henry Williams respectively. 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	\$86,758,404
Net Surplus for the Year	\$66,834,295
Gross Available for Distribution	\$153,592,699
Previous Year Commitment	\$57,219,756
Net Available for Distribution	\$96,372,943
Dividend Permanent Shares (30%)	\$3,899,000
Institutional Capital	\$13,089,967
Honoraria Payment	\$1,969,000
Treasure Chest Scholarship	\$1,000,000
IT Enhancement	\$3,500,000
Disaster Relief Fund	\$1,000,000
Reserve for Unsecured Loan	\$30,000,000
Other Reserve	\$2,567,000
Total Distribution	\$57,024,967
Undistributed Surplus	\$39,347,976

A motion for the distribution of surplus was moved by W02 Everton Hay and seconded by Miss Vivienne Mitchell. The motion was unanimously carried.

Resolution #2

Rule #71 Power to Borrow.

The Proposal for the Fixing of Maximum Liability up to December 2015.

The Board of Directors may incur a liability in voluntary shares, deposit and/or loans from any source on such terms of pay-

ment 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 SSgt Lenearth Anderson and seconded by Mrs. Fay Tomlinson. The motion was unanimously carried.

Credit Committee Report

The Report was presented by Maj Garth Anderson who apologized for the absence of the Chairman Capt Heleda Thompson who had to attend to an emergency. He said that the Committee met on April 23, 2014, as required after being elected at the 51st Annual General Meeting of the Jamaica Defence Force Co-operative Credit Union which was held on April 16, 2014 where Captain Heleda Thompson and WO2 Henry Williams were elected as Chairman and Secretary respectively.

Members of the committee for the year under review were as follows:

Capt Heleda Thompson	- Chairman
WO2 Henry Williams	- Secretary
Maj Garth Anderson	- Member
WO1 Errol Beckford	- Member
SSgt Lukel Miller	- Member
SSgt Gary Young	- Member
Sgt Cleveland Smith	- Member

Maj Anderson indicated that 2014 was a challenging year for the JDF Credit Union as it was for other financial institutions notwithstanding the Credit Union explored many creative and innovative ideas to ensure that the needs of the members were met satisfactory. During the year under consideration the Committee noted a decline in the number of loan applications that required the Committee’s approval and that a large number of the applications were presented to the Committee were for waivers. He also gave a breakdown of loans seen and approved by the Credit Committee during the past year. Loans amounted to a total of \$111 Million and represented an overall increase in the value of the loan applications when compared to the \$133 Million for the previous year. He said that however was expected to be improved with the Credit Union exploring even more areas of opportunities to benefit and enhancing members’ financial standing.

The breakdown of the loans were as follows:

Motor vehicle purchase	\$50 million
Debt Consolidation	\$27.8 million
Secured Loans	\$15.8 million
Unsecured Loans	\$11.4 million
Mortgage	\$4.5 million
Home Improvement	\$736,000
Travelling Expense	\$429,000

In closing Maj Anderson said the Credit Committee expressed its 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 them the opportunity to serve the Credit Union in that capacity. He also said that the Chairman wished to express special thanks to the Committee for their dedication and hard work throughout the year and for their commitment in ensuring that members’ needs were met in a timely and professional manner. To the members, the Committee expressed gratitude for all the confidence placed in them in serving the members’ over the past year

A motion for the Credit Committee Report to be accepted was moved by Mrs. Carol Davis Hunter and seconded by Ms. Garcia Williams. The motion was unanimously carried.

Supervisory Committee Report

At the Annual General Meeting held April 16, 2014 the following persons were duly elected to serve on the Supervisory Committee for one year:

SSgt Girlet Bernard	- Chairman
Maj Courtney Dunkley	- Member
WO2 Steve Wallace	- Member
Sgt Carlean Sutherland	- Member
Sgt Garfield Topey	- Member
Mrs. Elizabeth Brown-James	- Member
Mrs. Fay Tomlinson	- Member

During the year under review the Supervisory Committee focused on determining the performance of the Credit Union with respect to the following areas of operation: Bank Reconciliation; Cash and Vault Management; Execution and Management of Securities; Placement and Management of Investment Instruments; Processing of Members Loans; Management of Active and dormant Accounts; Granting of Staff and Volunteer Loans; Compliance with Statutory Payments Requirements; Inventory of Fixed Assets; Staff Operations; Delinquency and Processing of Closed Accounts.

SSgt Bernard indicated that the Supervisory Committee was assisted and facilitated by the Internal Auditor, where they consistently met and reviewed the operations of the Credit Union in the above mentioned areas. The reconciliations for all bank accounts were generally prepared in a timely manner. Based on the audits conducted, the systems of internal control were largely adhered to. There were however, some areas for improvement which were addressed by management.

She said that as mandated, the Committee submitted monthly reports to the Board of Directors which included coverage of the scope of work, findings, management’s response and recommendations as the proper maintenance of the

securities records were monitored to ensure that the Credit Union's investments were protected.

She also expressed gratitude on behalf of the members of the Supervisory Committee, to the members of the various committees, the Internal Auditors Mrs. Pitter Cooper, the Board, Management and Staff of the Credit Union for the assistance provided during the period under review. She said that the Committee also wished to thank the members for affording them the opportunity to serve the Credit Union in that capacity. In closing SSgt Bernard thanked and commended the members of her team on a job well done and to urged them to continue to serve this institution with a high level of commitment and dedication.

A motion for the acceptance of the Supervisory Committee report was moved by Ms. Allison Pessoa and seconded by Mrs. Delmena Brown-Dottie.

ELECTION OF OFFICERS

The President invited Mr. Clifton Freeburn from the Department of Co-operatives and Friendly Society to preside over the Election of Officers. Mr Freeburn presented the Report of the Nominating Committee.

Board of Directors

The members of the Board of Directors retiring were: Maj Michael Anglin, Maj Clifton Lunsden, Capt Andres Pierce, WO2 Everton Hay and Sgt Andre Shakespeare. Recommended to serve and face the election were: Maj Michael Anglin, Maj Clifton Lunsden, Capt Andres Pierce, WO2 Everton Hay and Sgt Andre Shakespeare. There were no nominations from the floor. A motion for the acceptance of nominations for the persons elected to serve on the Board of Directors was moved by LCpl Christopher Gordon and seconded by Ms. Barbara Spencer. The motion was unanimously carried. Elected unopposed to serve for two years were: Maj Michael Anglin, Maj Clifton Lunsden, WO2 Everton Hay and Sgt Andre Shakespeare. Capt Andres Pierce was elected to serve for 1 year. Lt Col Radgh Mason, Lt Kwame Gordon, SSgt Leneath Anderson and Mrs. Donna Brown were not retiring.

Credit Committee

The members of the Credit Committee retiring were: Capt Heleda Thompson, WO2 Henry Williams and Sgt Lukel Miller. The Nominating Committee recommended Capt Michael Dean, WO2 Hamroy Roberts, Cpl William Gilzene. A motion for the acceptance of nomination for persons elected to serve on the Credit Committee was moved by Miss Donna Morgan and seconded by Miss Almira Duncan. The motion was unanimously carried. They were elected unopposed. The elected members were to serve for two years alongside Maj Garth Anderson, WO1 Errol Beckford, SSgt Gary Young and Sgt Cleveland Smith who were not retiring.

Supervisory Committee

The members of the Supervisory Committee retiring were: Maj Courtney Dunkley, WO2 Steve Wallace, SSgt Girlet Bernard, Sgt Carlean Sutherland, Sgt Garfield Topey, Mrs. Elizabeth Brown-James and Mrs. Fay Tomlinson. The Nominating Committee recommended Maj Maxwell Gordon, Maj Courtney Dunkley, WO2 Steve Wallace, Sgt Carlean Sutherland, Sgt Courtney Williams, Miss Judith Salmon and Mrs. Fay Tomlinson. There was one nomination from the floor, Ms. Verice Campbell. At the end of the election Ms. Verice Campbell's nomination was unsuccessful, therefore all members that were recommended by the Nominating Committee were duly elected to serve a mandatory one (1) year period.

Representatives to JCCULL's AGM

The Nominating Committee recommended that the Board of Directors be authorized to nominate delegates and alternate delegates to the League's Annual General Meeting in 2015. A motion for the acceptance of the members elected to serve on the Supervisory committee and to authorize the Board to nominate delegates and alternate delegates to JCCUL'S AGM was moved by Ms. Marcia McPherson-Lewis and seconded by Capt Heleda Thompson. The motion was unanimously carried.

Special Resolutions

The purpose of the special resolutions was to affect a number of rule changes that were necessary in keeping with the changes within the Credit Union movement and changes in technology as follows: The President asked that a motion be moved by a member to have the resolutions for the proposed rules changes be voted on en bloc. The motion for the proposed rule changes be voted on en bloc was moved by Maj Maxwell Gordon and seconded by LCpl Christopher Gordon. The motion was carried unanimously. The rule changes were as follows:

Articles

- (ii) "The Society" or "the Credit Union" shall mean Jamaica Defence Force Co-operative Credit Union Limited.
- (iii) "The Act" shall mean the Co-operative Societies Act.
- (iv) "The Regulations" means the Co-operative Societies Regulations, 1950 and any amendment or modification thereof.
- (v) "Registrar" means the Registrar of Co-operative Societies and Friendly Societies appointed in accordance with the Act, and includes any person when exercising such powers of the Registrar as may have been conferred upon him Under the Act.
- (vi) "Supervisor Authority" means the Department of Co-operatives and Friendly Societies or any other Relevant Authority as approved by law.

of companies or due to bankruptcy.

(vii) "Officer" or Officer of the Credit Union" shall mean any of the members of the Board of Directors, the Supervisory or Credit Committee or other person empowered under the Regulations or Rules to give directions in regard to the business of a Registered Society in accordance with Section 2 of the Act.

(viii) "Executive Officer" this was not previously defined in the Rule Book. It is defined as any person elected by the Board of Directors to any of the positions named in Article XI Rule 35

(ix) "Families/Relatives" definition shall take its lexical meaning, and as the case of these Rules shall include children, step children adopted children, parents, spouses, brothers, sisters, aunts uncles, nieces, nephews, grandparents and grandchildren of a member.

(x) "Service and ex-service affiliated organizations" shall include, professionals providing services to the JDF and affiliates of the JDF Credit Union Ltd.

(xi) "Fit and Proper" was not previously defined in the Rule Book and will now be defined as follows: a person who, whether in Jamaica or elsewhere.

(a) has not been convicted of an offence involving dishonesty; or is not an undischarged bankrupt;

(b) And whose employment record does not give reasonable cause to believe that the Person carried out any act involving dishonesty or any act involving impropriety in the handling of financial and business affairs;

(c) who, is a person of sound probity, is able to exercise diligence and sound judgment in fulfilling his responsibilities in relation to the Credit Union and whose relationship with the Credit Union will not threaten the interests of the members; and, for this purpose, regard should be had of any evidence that a person has engaged in any business practices or financial dealings appearing to be deceitful or oppressive or improper which reflect discredit to his method of conducting business or financial dealings; and,

(d) who has not contravened any provision of any enactment designed for the protection of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of banking insurance or other financial services, or in the management

(xii) "Capital" comprises the total of the following including "Statutory Reserve Fund, Voluntary Shares and Ordinary Shares".

(xiv) "Deferred Shares" Deferred Shares shall mean shares issued at no par value and paid up in cash, and shall be held by a member for a period of not less than five (5) years. Such shares shall be paid in cash and issued with such rights and restrictions as outlined in these Rules. Deferred Shares shall bear interest at a rate to be determined by the Board of Directors from time to time.

(xv) "Permanent Shares" shall mean shares issued at no par value paid up in cash and invested as risk capital, which form a permanent part of the capital of the Society, and are issued with such rights and restrictions as outlined in the Rules. Dividend and/or interest may be paid thereon.

Definition of the League

(xvi) "The League" shall mean the Jamaica Co-operative Credit Union League.

(xvii) "Share Transfer Fund". This was not previously defined. Share Transfer Fund shall mean the Fund created and maintained by the Credit Union to facilitate the purchase of Permanent Shares from members who wish to terminate their membership, or facilitate the transfer of shares between members.

(xviii) "Gender Bias" shall mean the practice of proposing candidates of one gender over candidates of the other gender. This is to ensure that the Credit Union remains gender mutual in its activities.

(xix) "Returning Officer" defined shall mean a person appointed by the Chairman to conduct elections. This was to allow the Credit Union to be able to ask the Registrar which would mean that no member would be able to conduct the elections. Also there are a number of places in the Rule Book where there would be a need to pluralize. So instead of doing them individually it is inserted in this rule to say that where the context of these Rules so permit, words denoting the singular shall include the plural and the masculine gender shall be deemed to include the feminine gender and vice versa.

Rule 4 Article II Qualification of Membership

The previous definition of the bond was difficult to read and to track and therefore this rule will allow for the listing of different categories of members as indicated and will read. Membership in the Credit Union shall be lim-

ited to Members of the Jamaica Defence Force, civilian employees of the Jamaica Defence Force and employees of the JDF Cooperative Credit Union Limited, members or employees of service and ex service affiliated organizations to the JDF, adult members of the Jamaica Combined Cadet Force, employees based at JDF installations within non military organizations; relative of members who qualified under (a)(b)(c)(d)(e) and (f) of the above, other cooperatives and children of members who are less than sixteen years of age may be admitted as savers. And finally all members of the Credit Union upon leaving the employment of the Jamaica Defence Force or any of the aforementioned affiliated groups may retain their membership in the Credit Union at the Board of Directors discretions. The Board of Directors retaining that discretion is to allow them as well to have some amount of control when persons leave the Service or leave any of the entities indicated.

Application for Membership Rule 5

Marital status was not included on the application form, also telephone numbers, nationality, TRN, Email address, valid ID. Agreement to subscribe to a minimum of Five Hundred Dollars in Ordinary Shares and Two Thousand Dollars in Permanent Shares or such amounts that is to be determined and recommended from time to time by the management of the society subject to the approval of the Board of Directors, whether the application was approved by the Board of Directors and over the signature of the Secretary and any other officer of the Credit Union.

This is aimed to allow for the Board of Directors to make timely changes to the requirements and not having to wait at the end of the year for the AGM.

Application for Membership Rule 7 Article (11)

The change is an insert at (b) An applicant shall not be registered as a member until, the necessary qualifications for membership are satisfied. If a member is desirous of holding a joint account they can apply directly in writing to the Secretary. This is the same joint account similar to what exist at other financial institutions. So if you would like to have a joint account with another member, this is a facility that will allow for it. The application shall state the residency and occupation of the person whether the tenancy will be Tenancy in Common or tenancy with the right of survivalship and shall contain such information as the Board and the Regulator of the Credit Union may from time to time decide.

So both persons are to sign for a transaction or any one of the two to transact business on behalf of the account.

An application of a joint membership to withdraw from the society or to break the composition of the joint member-

ship must be signed by all persons comprising the joint membership. A member cannot assign any more than two joint account holders and no non member may hold or own a joint account.

Rule (19) Deposits

(a) Deposits maybe withdrawn by cheque or in cash on any day that the Credit Union is open for business. The Board of Directors may at any time require the member to give up to ninety days notice of his intention to withdraw the whole or any part of his deposit.

(b) Deposits maybe received in the name of a minor or a trust for a minor who is a child, grand child or a ward of a member with such way or manner as the Board of Directors may determine.

(c) Deposits received in the name of a minor shall be held for exclusive right and benefit of the minor and free from the control or lean of all other persons and shall be paid together with interests thereon to the person in which whose name the account may have been issued to the guardian of that person.

(d) Interest shall accrue and be paid on deposits from the date of deposit with the Credit Union at an interest rate to be determined by the Board of Directors.

(e) Deposits shall be received from members only.

(f) No member shall hold more than 20% of the total deposits of the Credit Union.

This again is to safeguard the Credit Union from deposits being pulled and the Credit Union is in trouble.

Rule 20 where the change is at part (b) which says:

"When a statement of account plan is used, the member's permanent official record for transactions shall be the statement of account which will itemize all transactions and which must be issued to each member at least monthly or upon request.

'Monthly' is put there so that this facilitates monthly statements. Notwithstanding that, that is the only change.

Rule 29 Board of Directors

(iii) No officer of the Board of Director shall serve in the positions of President, Vice President,

Secretary or Treasurer for more than three (3) consecutive terms. However, such member will be eligible to serve once he sits out a period of one (1) year or until the next Annual General Meeting. No member of the paid staff shall be eligible for election to the Board of Directors.

And this is simply to ensure that the Board is able to re-new itself and have fresh new leadership after a period of three consecutive years in those critical positions.

(A.) A short statement of all matters discussed and decisions made, and a record as to whether each decision was made unanimously or by majority.

This as well is a requirement of the regulators to ensure that we properly document the decisions of the Board.

Rule 35 Treasurer

The Treasurer shall have oversight of the financial affairs of the Credit Union and ensure the appropriate and timely reporting of the financial matters to the Board and members. The Board may employ a General Manager and may authorize him under the direction of the Treasurer to perform any of the duties devolving on the Treasurer, including the signing of cheques.

The position of Treasurer is voted on by the membership, so that person retains ultimate responsibility for the fiduciary responsibilities. However, the Credit Union employs a General Manager who does day to day duties and the amendment is to enable that distinction.

Rule 47

Subject to the instructions of the Board of Directors, the Credit Committee or a (Credit Risk Manager) shall determine the security, if any, which shall be required for each loan and the terms upon which it shall be repaid. When there are pending more loans than can be granted with the funds available, preference shall be given (where practicable) to the applications for smaller loans if the need and credit factor are nearly equal.

Before the Rule did not allow for any assessment and this was not deemed to be a good thing.

Part (ii) in Rule 46

No loan, except as hereinafter provided, shall be made if any member of the Credit Committee shall disapprove thereof nor unless such loan has received the Majority approval of the members of the Committee who were present when it was considered, and who at least must be a majority of the Committee except for loans approved by a duly authorized Credit Risk Manager. Again, 'majority' was not there and therefore one member who did not agree would have been able to stop the approval.

Rule 48

The Credit Committee shall send a report of its activities to the Board of Directors meeting each month.

Rule 51

At least once a year cause the accounts (or a sample of not less than 100 members) to be verified with the records of the Treasurer. And the sample inserted there of 100 members was deemed to be a reasonable expectation. The rule was there when the Credit Union's membership was much less. Now there are thousands of accounts and it would have been impractical to expect that every account would have been examined.

Meetings

Termination will replace adjournment. Termination signals the end of the proceedings. Adjournment by definition means that there is unfinished business and you need to return.

Rule 57. Changes with the times and technology.

At least seven (7) days before the date of any Annual or Special General Meeting, the Secretary shall post a notice of the Meeting in a conspicuous place in the office and shall cause written notice to be placed in the newspaper, text and the electronic media. Minutes of the Meetings shall be (recorded by the Secretary) and signed by the President and Secretary, and shall contain:

(a) and this is the change:

(a) President and other members of the Board of Directors who attended the Meetings. Before the rule, it was not required that the Secretary make a record of those who attended the meeting.

Article XII Nominating Committee

This rule for the Nominating Committee is saying that the committee will have opportunity to vet persons who are nominated to serve.

A Nominating Committee shall be appointed by the Board of Directors at least ninety (90) days prior to each Annual General Meeting and shall consist of not less than three (3) members.

(a) Not less than eighty days (80) prior to the Annual General Meeting the Nominating Committee shall meet:

(a) Advertise among the membership in writing at least seventy five (75) days before the Annual General Meeting that nominations for the vacancies for the Board, Credit and Supervisory Committees may be made by petition and must be signed by 25 members. The committee may use electronic mail to notify members who have

opted to receive notices or statements electronically.

ii. Interview and recommend one (1) member for each vacancy.

iii. File the nominations with the Secretary of the Credit Union at least sixty (60) days before the Annual General Meeting. Again this allows a system to ensure that only persons who are fit and proper are nominated to serve.

(b) The written notice must state the closing date for receiving nominations by petition. In all cases, the period for receiving nominations by petition must extend at least fifteen (15) days from the date the petition requirement are mailed to all members.

Elections shall be in the following order, so we would have the election for the Board of Directors, the Credit Committee, the Supervisory Committee and the Delegates and Alternate Delegates to the League shall be determined by the Board of Directors.

All disbursements of funds of the Credit Union except as provided in Rule 19 shall be made by cheques or other written instruments or (electronic transfer), signed by such duly authorised person(s) as the Board of Directors may by resolution from time to time determine. Again it is allowing for technology where you can do your transaction via electronic transfer.

Rule 73 Use of the SEAL

The seal of the Credit Union shall not be affixed to any document except by the authority of a resolution of the Board of Directors and in the presence of (the Secretary or) two members of the Board of Directors and the (Manager) or such other person as the Board of Directors may appoint for the purpose: and the two (2) members of the Board of Directors and the Secretary or other person as aforesaid shall sign every document to which the Seal of the Credit Union is affixed in their presence. This is aiming to ensure a little more flexibility in the use of the seal in particular for the General Manager.

In order for the resolutions for the rule changes to be passed a quorum of a minimum of 100 members had to be present and at least 75% must vote in favor. A physical count conducted indicated that 109 members were present and 96 voted in favor which was 88% of the members. Therefore the resolutions were passed en bloc.

PRESENTATIONS

Mrs. Patricia Tomlinson, General Manager indicated that the

Credit Union will be honoring some volunteers who will be retiring and have served the Credit Union well. They have served on the Board of Directors and the Committees as follows: Capt Heleda Thompson who served on the Board of Directors and presently on the Credit Committee, WO2 Henry Williams who served on the Credit Committee since 2003, SSgt Girlet Bernard who served on the Supervisory Committee since 2008, Sgt Garfield Topey who served on the Supervisory committee since 2009 as well as Mrs. Elizabeth Brown-James who served on the Supervisory Committee in 2013. The awards were presented by Mrs. Donna Brown, Director, Lt Col Radgh Mason, President and Ms. Allison Pessoa, Risk and Compliance Manager.

VOTE OF THANKS

The Vote of Thanks was moved by Ms. Tahnee Taylor, Human Resource and Administration Manager. She said that she thought today was a productive one indeed. On behalf of the JDF Co-operative Credit Union family she offered a "Vote of Thanks" for a successful afternoon. She thanked the keynote speaker, Mrs. Georgia Morrison, from the Credit Union Fund Management Company for a most inspiring and informative presentation, Deputy Chief of Defence Staff Brigadier Rocky Meade, Inspector General Colonel Daniel Price, Lt Col Jaimie O'Gilvie, Major Simoan Foster of the JCCF, Mrs. Carol Davis Hunter HR & Admin. Manager - Civillians, Miss Carlene Barnes, Marketing Manager CUFMC, Mrs. Joan Garfield, General Manager NCB Credit Union, Miss Latisha Scott, General Manager Police Co-op, Mr. Oswald Parkes Marketing Officer at CUNA, Miss Cheryl Ann Grizzle, Miss Beswick Auditor, KPMG, Mr Derrick Tulloch and the JCCUL team Miss Tanya Brown, Sandra Hussey, Morris Gilbert, Yvonne Bernard, stenographer, Miss Goodgame and to all of the exhibitors who branded the articles so well, the JCIA Blu, Singer Jamaica, Nissan, Carlong Jamaica, Lasco and NHT. She also expressed thanks to Sil Events decorators for the lovely and uplifting transformation of the venue, A & A Catering & Services for adding just a great flavour to the afternoon, I Engr Regt (JDF) for their unfailing assistance. She then thanked volunteers and Credit Union team and Mrs. Janice Blake who she said had a habit of hard work, dedication and planning and that without all the event could not be possible. Finally, Miss Taylor thanked everyone for attending and urged them to continue enjoying the remainder of the evening.

TERMINATION

With no other business to be discussed, the 52nd Annual General Meeting of the Jamaica Defence Force Co-operative Credit Union Limited was terminated at 1722 hours/5:22 p. m.

Ex-Warrant Officer Class 2 Everton Hay
Secretary

the **BOARD** of **DIRECTORS**

Seated Left - Right:

Major Michael Anglin
-Vice President

Lieutenant Colonel Radgh Mason
-President

Mrs. Donna Brown
-Director

Standing Left - Right:

Captain Andres Pierce
-Director

Ex-Warrant Officer Class 2 Everton Hay
-Secretary

Staff Sergeant Lenearth Anderson
-Director

Staff Sergeant Andre Shakespeare
-Assistant Secretary

Major Clifton Lumsden
-Treasurer





Board of Directors' REPORT

Lieutenant Colonel Radgh Mason
President

***"We have done well.
I salute our members
for the commitment."***



Our analysis of the previous period performance resulted in decisions to better incentivize savings, new membership, improve member education/culture and strengthening the marketing department. We set out to achieve some key objectives which included; the re-classification and enrichment of the responsibilities of the member service representatives; the structuring of the marketing portfolio; the updating of policies; improving the synergy operations and IT services; growing the savings and membership objectives; to review all loans and savings products; strengthening the system of collections for bad debt and to make preparation for the implementation of the BOJ regulations for credit unions. We operated in an environment where the membership experienced shrinking disposable income, fierce competition for unsecured loans, and increases in living expenses all round. These remain issues to be pursued in the coming year even as we saw growth.

I am pleased to report that we have achieved the objectives and the results both in terms of service delivery and the targets met serve as evidence of the good work. The Report has been structured in a question and answer format in an attempt to cover the critical aspects of the years' performance.

What Are The Peculiarities of The Environment Now?

There are interesting times ahead for our credit union business and our lives in general. The large financial institutions, i.e. banks, building societies, hire purchase providers and even mega credit unions with large cash reserves will seek to increase the offerings of unsecured credit at lower rates for loans. Returns on savings will also be lower and supported by increases in service charges to protect income projections. Salary deductions will be the option of choice for payments and hence the targeting of persons whose earnings allow for this transaction. The job market and employment will remain less favorable to the employed and this will increase the competition for business. Our members therefore continue to be targets for the larger institutions and this is a significant factor as we strive to maintain our market share

What Are The Notable Achievements of The Credit Union Over The Past Year?

The structure of the staff was improved to empower member service representatives to better serve your needs. They were

trained to better advise on and personalize the suite of products to your advantage. We completed the staff re-classification exercise and with effect January 2016 increased the salaries of the staff to within 90% of the market rates. The membership bond having been broadened to include our relatives saw an increase in membership in that category. It is anticipated that with increased membership and penetration of the bond the credit union will be positioned to benefit from increased business. Increased membership will provide better economies of scale and this will have significant positive impact on the future of the Credit Union.

We achieved record increases in the savings portfolio from 686m to 796m having provided an incentive of 9%, this being the highest interest on savings in the country. Our asset base grew from 1.303bn to 1.590bn an increase of 287m and a percentage increase of 22.02%, this being the 3rd highest rate of growth in our credit union peer group for the year. The two credit unions with higher growth rates are parish credit unions with over four times the number of members. The loan growth was from 1.109bn to 1.424bn, nominal growth of 315m and percentage increase of 28%, this being the best growth in our credit union category. Our operating expense ratio was only 6.99%. Only two credit unions within our peer group had lower ratios.

Our marketing programme was aimed at enhancing our relationship with the membership by integrating into sporting and other activities. Our sponsorship of these activities has been significant, including events such as, 3JR Bookmania Fair, Children's Christmas Party and sporting competitions. We were able to update all our policies and introduce new policies to better manage and govern the activities of the credit union. You will notice this year that the, Human Resource (HR), Governance, Asset and Liabilities Management (ALM), Information Technology (IT), and Marketing Committees have included reports to provide better understanding of the issues. These achievements are significant and are evidence that the analysis and decision making were correct. The wholesome evaluation of the environment continues to be an important exercise to cause impactful decisions going forward.

What Are The Challenges?

Members' savings deposits, and membership growth are two areas that we have been focusing on and will continue to derive remedies to improve. We need to lead a revolution for savings culture in the Credit Union. The fact is that our savings deposits ratio is among the lowest in our category of credit unions and this we believe can be positively influenced through messaging and education. You will see greater emphasis on savings as members change the shape of their portfolios to increase the level of savings. Membership growth and penetration of the bond has been slow given our historical reliance on recruiting intakes. The "one one cocoa" principle means that each member can generate business to cause a more favorable spread of the cost of operations. New initiatives will be pursued to get maximum benefit.

What Are The Priorities For The Board at This Time?

The priorities of the Credit Union include; establishing a new building to better accommodate our membership; financial education/

culture shift for our members to increase their appetite for savings and long-term financial planning; using technology to facilitate better communication with the membership, database mining and management; The training of staff to improve personalized service delivery and assisting to shape the culture of the membership. Each member must be an ambassador of the Credit Union and be committed to transact business professionally and live up to our obligations. The pending BOJ regulations comprises of significant provisions (expense), up to 100% for bad debt that threatens the surplus of the credit union movement. This means that we will need to be more stringent in screening loans and also more aggressive in going after delinquent members. The Board of Directors recognizes the awesome responsibility of protecting the investments of our Credit Union and this we continue to do with your support and all our might.

What Are The Notable Next Steps?

The next steps require us to solidify our business pillars and achieve mastery of our craft. All aspects of our business must be strengthened and improved with impactful decision-making. The credit union movement was founded on like-minded individuals making a decision to invest their funds and trusting volunteers to manage the business to reduce cost. They were committed to saving their money and limiting borrowing to a ratio of what was saved. These tenets must continue to serve our objectives.

Our members must be provided with the best customer service. We must know our members better and this is enabled with smart design of our membership database and use of technology to cause us to be alerted with changes and occurrences in the family. We must know when there is an investment in a new home, when there is a marriage, when there is a birth, starting school, graduation from high school, starting university, retirement, critical illness of a loved one, death of a loved one, investment in a new business and the list goes on. We will need to continue to update our policies by analyzing the environment and sticking to best practice. We must continue to make incremental improvements in our infrastructure and re-invest in our business. Our volunteers must be encouraged to serve and strengthen the business. The need to invest in technology must remain pivotal since it is the medium that delivers accessibility and service to members. The launch of our new App, revamp of our website and software improvements are indications of this intent. Mastery spells longevity, stick-to-itiveness and expertise. We know this business and must continue to educate our members to invest in themselves.

Thank You For Your Commitment

We have done well. I salute our members (inclusive of staff and volunteers) for the commitment displayed throughout the period under review. The team of volunteers, i.e. Board of Directors and Committee members are committed and driven and I say thanks on their behalf. We encourage your continued work as we deal with matters going forward.

The JDF Co-op Credit Union Ltd, Marching Forward Building Wealth.



Lieutenant Colonel Radgh Mason
President

Treasurer's REPORT

Major Clifton Lumsden
Treasurer

Fellow Co-operators: Greetings and Salutations!

Overview of the Economy

Up to the time of the penning of this Report, the Government of Jamaica had successfully navigated and passed twelve (12) consecutive IMF tests under the current Extended Fund Facility arrangement. There was a welcomed downward trend in world oil prices providing some well-needed relief. Foreign direct investments primarily from hotel construction and road improvements also increased. Inflation rate for 2015 ended at 6.4% and local interest rates continued to trend upwards. It is expected that the Jamaican economy will continue to experience some level of growth in the ensuing year.

Performance

As Treasurer, it gives me great pleasure to announce that the JDF JDFCU Ltd. has recorded another year of positive growth in 2015. Whilst our members, and by extension our JDFCU, continue to experience financial challenges, your Credit Union was still able to realize a surplus over the financial year ended 31 December 2015. This achievement was again hinged on a very aggressive and ambitious set of Strategic Objectives and Major Performance Targets, coupled with constant monitoring and positive responses to treat with market conditions and trends. Our stakeholders, chief amongst them you our invaluable members, demonstrated even greater levels of understanding, diligence and hard work in the achievement of this success.



Your JDF Credit Union continues to provide and have on offer the best and most competitive suite of Products and Services in the Credit Union Movement today. Specifically, your Credit Union remains unchallenged in offering the highest savings rates in the current financial sector, up to 8.5% per annum.

Financial Highlights

I will now highlight some significant financial accomplishments of your JDFCU as they appear in our Balance Sheet and the Income and Expenditure Accounts, respectively:

- **Asset base:** The JDFCU continued on its growth part in 2015. As at 31 December 2015 the JDFCU asset base stood at \$1,588,794,630 an increase of 22% over the corresponding period last year. The Loan Portfolio now stood at \$1,415,385.361 which accounts for 89% of Total Assets and increased by 28% over 2014. It should be noted that the primary source of income for the Credit Union is from our Loans Portfolio.
- **Capital:** Risk undertaken by Credit Unions is normally mitigated by the sufficiency of Capital adequacy. Institutional Capital, therefore, is an accumulation of monies set aside from the usual annual appropriation of funds retained as regulatory reserves. The JDFCU capital base experienced an 18.3% growth over 2014, and therefore as at 31 December 2015 stood at \$462,969,052.
- **Liabilities:** As the disposable income of our members decreased so did member savings. Notwithstanding, The JDFCU was able to encourage and realize a marginal increase in members savings through an innovative Stash O Cash Promotion. The net results of the offerings stood at \$453,537,202 or 19% increase over 2014.

Additionally members' Voluntary Shares increased and stood at \$335,387,921 or 13% above 2014.

- **Income and Expenditure Account:** Your JDF CU realized a surplus of \$82.4M in 2015 compared to \$66.8M in 2014. This increase represents an increase of 23.3% over the previous period. The surplus was realized from gross income of \$182,431,254 which was \$27,524,636 more than the \$154,906,618 achieved in 2014. See graph on Page 24.
- **Loan Interest Income:** Constant monitoring and review of the marketplace caused our Credit Union to remain competitive. This portfolio increased by 19% or \$28,277,752 over 2014.
- **Interest earned on Investment:** The Credit Union recorded a decrease during the period under review. The amount earned in 2015 was \$6,220,551 compared to \$6,973,667 earned in 2014. The fall off resulted from a consistent reduction in interest rates in the financial sector.

- **Operating Expenses:** Total Operating Expenses for our Credit Union increased from \$84,525,451 to \$95,234,330 or 12% over the corresponding period last year. Please note that administrative expenditures and emoluments accounts for 60.4% of our total Operating Expenses. There was a 10% increase in administrative expenses, which was \$5,428,045 above 2014. Table 1 (on Page 24) is a simplified version of our Income and Expenditure Statement for the periods ended December 2015 and December 2014.

The Way Forward

As the entire credit union movement continues to prepare itself for the imminent implementation of a regulatory framework, it is anticipated that the number of credit unions will further reduce prior to, during and after the Movement is formally regulated by the Bank of Jamaica. Therefore, Strategic and forced mergers have taken place, a trend that is expected, especially if the credit union movement is not exempted from certain regulatory requirements that are still being negotiated. Your JDFCU has been and will continue to be in preparation mode as we look forward to embrace this necessary change collectively. Rest assured, the leadership and management of the JDF Credit Union are not currently considering any merger discussions at this time, primarily as a result of the unique nature of our niche and the need for its preservation.

To ensure that our going concern continues to grow, remains strong, sustainable and able to fulfil all the financial needs of our members, a new culture of saving by all members must be ingrained and maintained. Individual members must resolve to a culture of saving to realize their financial dreams. Simply put, members must take advantage of the many savings opportunities on offers by the JDF Credit Union. We as members must also make it our business to recruit new and appropriate members in accordance with the provisions of the extended bond so as to perpetuate the growth and development strategies. The management, staff and volunteers stands ready and committed to partner with you and to assist our members and potential ones to realize this extremely critical saving culture change.

As Treasurer, I remain convinced that this JDFCU niche market possesses great and untapped potential. Let us collectively continue "Marching Forward... Building Wealth" so that we can aim to cross the Two Billion Dollar threshold in 2016, assured that the JDFCU will continue to be that safe heaven where we, as members, can all feel confident and satisfied that it is the institution of choice for growth financially.

Treasurer's REPORT

Income and Expenditure 2010 - 2015

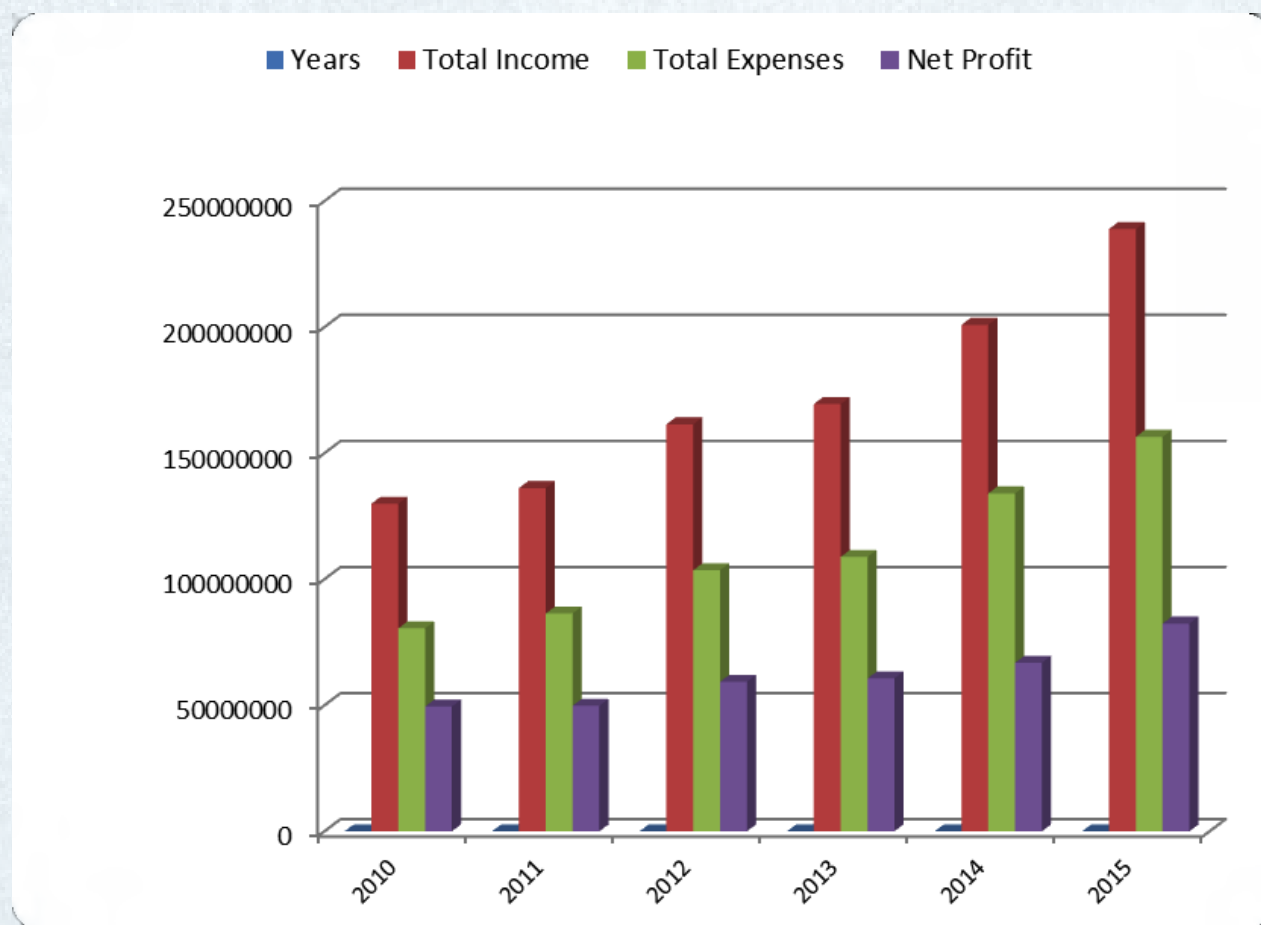
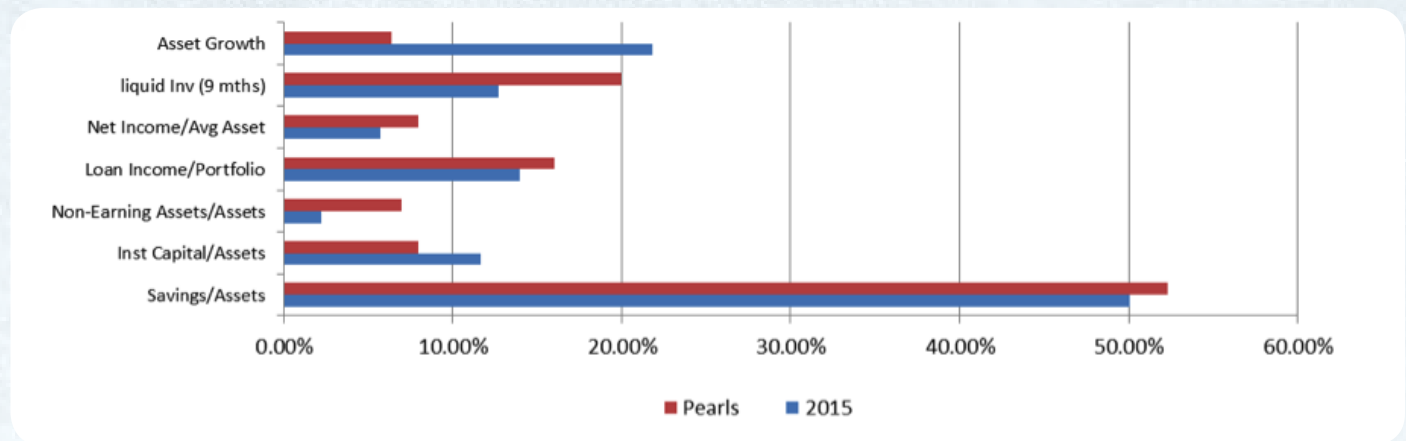


Table 1 - Income and Expenditure Statement

2015	Income	2014	Change Over 2014	% Change Over 2014
176,210,703	Interest on loans	147,932,951	28,277,752	19%
6,220,551	Interest on Investments	6,973,667	(753,116)	-11%
57,485,211	Non-Interest Income	44,563,537	12,921,674	29%
	Expenditure	2014	Change Over 2014	% Change Over 2014
57,592,252	Administrative Expenses	52,164,207	5,428,045	10%
25,718,387	General Overheads	20,028,640	5,689,747	28%
49,381,868	Interest Expense	43,588,296	5,793,572	13%
11,923,691	Affiliation & Representation	12,332,604	(408,913)	-3%

Table 2 - A graphic representation of the results of our performance on the PEARLS Ratios

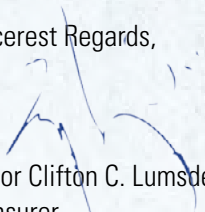


Acknowledgement

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 JDFCU objectives and targets which resulted in the more than commendable performance for the year just ended 31 December 2015 could not have been realized.

On behalf of the Board, Volunteers, Management and Staff of the JDFCU, I extend whole-hearted and sincerest gratitude to you our invaluable members, as your demonstration of confidence, loyalty and trust in the JDFCU has not waned.

Sincerest Regards,


Major Clifton C. Lumsden, JP
Treasurer



RESOLUTION # 1

Proposal for the Appropriation of Surplus

Undistributed Surplus	92,257,214
Net Surplus for the Year	82,413,862
Gross Available for Distribution	153,592,699
Previous Year Commitment	57,024,967
Net Available for Distribution	96,372,943

Distribution

Dividend Permanent Shares (30%)	3,019,019
Institutional Capital	16,694,837
Honoraria Payment	1,969,000
Treasure Chest Scholarship	1,000,000
IT Enhancement	7,000,000
Disaster Relief Fund	1,000,000
Business Continuity Fund	5,000,000
Reserve for Unsecured Loan	30,000,000
Other Reserve	610,000
Total Distribution	66,292,856
Undistributed Surplus	30,080,087

RESOLUTION # 2

Rule # 71 – Power to Borrow

Proposal for the Fixing of Maximum Liability up to December 2016

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.

Board Sub-Committee REPORTS

Governance Committee Report

The JDF Co-operative Credit Union Board of Directors recognises that a robust corporate governance structure is critical to sustaining value and preserving the long-term financial viability of the Credit Union for the benefit of all its members. In direct response to the aforementioned, a Governance Committee comprised of the following members was established:

Major Clifton C Lumsden, JP	– Chairman
Captain Kwame Gordon	– Member
Mrs. Patricia Tomlinson	– Member
Mr. Alvin Reid	– Member
Ms. Allison Pessoa	– Recording Secretary

The mandate of the Governance Committee is to manage the Corporate Governance responsibilities of the JDF Co-operative Credit Union. Its purpose is to assist the Board in ensuring that its composition, structure, policies and procedures meet all relevant legal and regulatory requirements plus reviewing ongoing developments and best practices in Corporate Governance matters.

Hereunder are a number of projects undertaken by your Governance Committee during 2015:

Rule Changes

From time to time various circumstances and developments would necessitate changes and or additions to the Rules of the Jamaica Cooperative Credit Union League (JCCUL). By extension, these changes should also reflect in the Rules of each Credit Union. Recall that the Credit Union Movement also went through a process of transformation in preparation for the imminent Bank of Jamaica (BOJ) Regulations. Consequently, your Governance Committee was given the task of revising the entire JDFCU.

Bond Extension

At a Retreat of the JDF Credit Union Board and management

in 2014, an extension of the Bond was recommended so as to ensure and perpetuate the growth agenda of the Credit Union. The extension would allow for persons who are not members of the JDF or in its Civilian employ to become members. These categories include persons who transact business with the JDF, employees of the Ministry of National Security and the Justice Ministry and related organizations within the vicinity of Up Park Camp. The benefits of a Bond extension were presented, discussed and subsequently approved at the 2015 Annual General Meeting. The full list of qualification for membership in the JDF Credit Union shall be limited to:

- a. Members of the Jamaica Defence Force
- b. Civilian employees of the Jamaica Defence Force
- c. Permanent employees of the Jamaica Defence Force Co-operative Credit Union Limited
- d. Members or persons/employees of service and ex-service affiliate organizations to the Jamaica Defence Force
- e. Adult members of the Jamaica Combined Cadet Force (JCCF)
- f. Permanent employees based at Jamaica Defence Force installations within non-military organizations
- g. Relatives of members who qualify under (a) (b) (c) (d) (e) & (f) above
- h. Other Co-operatives
- i. Children of members who are less than sixteen (16) years of age may be admitted as Savers.

All members of the Credit Union upon leaving the employment of the Jamaica Defence Force or members leaving any of the aforementioned affiliated group may retain their membership in the Credit Union at the Board of Directors' discretion. "Families/Relatives" shall take its lexical meaning, and in the case of these Rules shall include children, step-children, adopted children, parents, spouses, brothers, sisters, aunts, uncles, nieces, nephews, grandparents and grandchildren of a member.

Business Continuity and Disaster Recovery

The essence of having a Business Continuity and Disaster Recovery Plan is to respond to a Significant Business Disruption (SBD) by safeguarding employees' lives and Credit Union's property, making a financial and operational assessment, quickly recovering and resuming operations, protecting all of the Credit Union's documents and records, and allowing our members to transact business.

The containerized Business Continuity Centre or alternate site was visited by the Committee to determine its appropriateness for the Credit Union's Business Continuity activities. The Business Continuity Centre is configured to house about five members of staffs. The space is equipped with two air-conditioning units and a toilet and it is fully tiled and painted. Further work will be undertaken during the ensuing period.

**Continued of Page 28*

THROWBACK 2015

JDFCU AGM 2015 HIGHLIGHTS





JDFCU Runner-Up Large CU of the Year 2015



WOCCU Conference 2015



JDFCU Sponsors Cross-Country 2015



JDFCU Sponsors Force Boxing 2015



JDFCU Supports 2JR/OCA Run 2015



JDFCU Treasure Chest Scholarship Awardees 2015

Governance Committee Report Cont'd

Succession Plan

Succession Planning is a fundamental practice that all well governed organizations should establish and maintain. In that regard, your JDF Credit Union has, in place, a Succession Plan program in the following areas:

IT Manager,
The Office of the General Manager,
The Credit Risk Manager and
The Finance Manager.

The Managers were exposed to Leadership Development training designed to have suitable replacements to continue the aforementioned function in extenuating and or unforeseen circumstances.

Emortelle System Upgrade

In order to ensure that the IT platform of the JDF Credit Union remains current and relevant and offer additional services, an upgrading exercise was undertaken. Specifically, the Banking System of the Immortelle System was successfully upgraded from the Version 8 to 9 in 2015.

Policies and Procedures

The Policies and Procedures listed in the matrix below were completed and approved by the Board of Directors during 2015 sittings of the Board.

Donation & Sponsorship Policy
Authorization Policy
Capital Management Policy
Fraud Policy
Social Media Policy
Information Technology Policy & Procedures
Vault Management (part of Risk Mgmt)
Inactive/Dormant Accounts Policies and Procedure
Bank Reconciliation
Counter Financing of Terrorism
AML & CFT (Proceeds of Crime Act)
Indemnity for Electronic Mail and Facsimile Instructions
Account Opening Policy

Enterprise Risk Management Committee (ERM)

Enterprise Risk Management (ERM) is the process of planning, organizing, leading, and controlling the activities of the Credit Union in order to minimize the effects of risk on the Credit Union's capital and earnings. Enterprise risk management expands the process to include not just risks associated with accidental losses, but also financial, strategic, operational, and other risks that impact the Credit Union.

The ERM is comprised as follows:

- 2 members of the Board
- 1 member of the Supervisory Committee
- General Manager
- Finance Manager
- Operations Manager
- Credit Risk Manager
- Loans Manager
- IT Manager

I was privileged and honoured to chair the inaugural meeting of the ERM held on 16 March 2015. Workshops over the period 20-22 April 2015 to create a Risk Register was facilitated by Mr. Owen Lawrence, the JCCUL Consultant. The work of the ERM Committee is ongoing.

Acknowledgement

On behalf of the members of the Committee, let me express our gratitude and thanks to all those persons who have assisted us in our work over the review period. We look forward to your continued support in the ensuing period.

Major Clifton C Lumsden, JP
Chairman

Information Technology Report



The IT portfolio is without doubt a significant driver and the medium by which the **efficiencies of the operation, remote accessibility of the members to the services we provide and the organization of information to facilitate better decision making and dissemination.** During our retreat we identified a number of initiatives that would cause the credit union to optimize its service to members. There were five areas for focus which included; the security framework; strengthening customer service; cost reduction measures; optimizing internal processes; and knowledge management.

The first priority was to have done an evaluation of the **security framework** to determine the vulnerability of the system to hacking. A number of members reportedly lost funds due to fraudulent activity on the system. This exercise resulted in the fixes of the system and ultimately strengthened the areas to safeguard members' funds. This intervention has effectively eliminated instances of electronic fraud. We also changed out all the old hardware and replaced with new equipment. The security of our data was another priority area that caused us to invest in our servers and to develop the policy framework to ensure that the protection of data allows for the **continuity of business in the event of a disaster** or mishap that compromises the data.

We have **overhauled the website** to allow for improvements in our **mobile banking platform** and updated the **business software services** to improve the processing of operational data. There are revolutionary services now being offered in the financial sector and as such there is a necessity to continuously improve our platform.

We will be developing an **online customer survey mechanism** to allow for timely feedback on our service delivery. We will be exploring; **paperless transactions** to reduce cost of processing cheques and use of other resources, improved loan approvals and electronic document processing. We have commenced a process of **developing our front desk management module**, facilitate membership applications online and to prepare our financials without redundant spreadsheets. We will develop our **knowledge management module** to allow for staff and member education.

Our latest project will be the launch of our Credit Union App. This will revolutionize and make the accessibility to member accounts more personal. Information technology was allocated 3.5m from the previous year and it is inevitable that we continue to invest in our technological infrastructure as the world marches quickly to integrate the cell phone into our financial transactions and daily lives. I congratulate the IT Manager and his team for his commitment and a job well done.

Lieutenant Colonel Radgh Mason
Chairman

Marketing Committee Report

The JDF Credit Union established a Marketing Committee for its financial year 2015, to provide oversight, guidance and support to the Marketing Department in carrying out its initiatives. The Committee was chaired by Director, SSgt Leneath Anderson who led a team including Donna Brown - Director, the General Manager, Marketing Manager and other staff from the Marketing Department.

Pursuant to the 2015 strategic plan of the organization, the

Committee sought to make a decision to fulfill the following outcomes:

- Growth in Savings
- Sponsorship for JDF Community and Events
- Increased Advertising

Growth in Savings: The Credit Union started the year with a savings promotion dubbed "Stash O Cash Promotion" where members were asked to open a savings plan, earn an attractive 9% p.a. interest plus a chance to win \$100,000 in 3 Draws. The Promotion, which ended in December, was well-supported by members, who "cashed-in" on the lucrative offerings in interest and cash prizes as well as pursued important financial goals through their Credit Union.

Within the year, the Credit Union also rolled out a savings education campaign, where team members from the Department increased presentations on financial management to a number of groups and individuals.

Sponsorship for JDF Community and Events: In 2015, the Credit Union increased its sponsorship for JDF events including 3 JR Bookmania, Force Boxing Competition, 2JR OCA Run, Force Cross Country and Christmas Treat. Thirty-three children of members also received bursaries in the Treasure Chest Youth Scholarship Awards.

Increased Advertising: The JDF Credit Union increased its advertising on mainstream media in 2015 including radio and television. A billboard was also erected in Up Park Camp encouraging members to "Realize Your Dreams" through saving, investing and borrowing at their Credit Union. The Credit Union was also active on social, electronic and digital media. Its Facebook and Youtube Pages received hundreds of new interactions. Text and email messaging were used to communicate with members in a timely manner. Lastly, the digital message board within the banking hall was updated with content geared towards educating members towards financial literacy and product knowledge.

The Marketing Committee remains committed to pursuing strategies with members' needs at the forefront of our minds. We encourage members to continue to be engaged with your Credit Union and give continuous feedback on how the organization may serve you in greater ways, whether by participating in formal Credit Union surveys or in just about any way you can. The Committee is also urging members to realize their dreams with the Jamaica Defence Force Credit Union while you march forward in building wealth.

Staff Sergeant Leneath Anderson
Chairman



ALM Committee Report

Scope

The Asset and Liabilities Management (ALM) Committee is established to have oversight of the drivers of net operational surplus and as such are empowered to develop asset and liability strategies, establish investment portfolio management objectives, set exposure limits as well as monitor all investments activities of the JDFCCU. For optimal effectiveness the ALM Committee conducts frequent environmental scans to determine current and emerging interest rate or liquidity risks which can impact the JDFCCU operation. The ALM Committee is comprised as follows:

Major Clifton C. Lumsden, JP	– Chairman
Captain Andres Pierce	– Member
Mrs. Patricia Tomlinson	– Member
Mrs. Marva McGregor	– Member
Mr. Alvin Reid	– Member
Mr. Howard Powell	– Recording Secretary

2015 Initiatives

In our efforts to mitigate any adverse impact on the Assets and Liabilities of the JDFCCU the Committee provided oversight for the following initiatives during the year under review:

- Amendment to Fixed Asset Disposal Policy
- Continuous review of interest rates within market compared to offerings at the JDFCCU for loans and deposits
- Increase in unsecured loan threshold to \$2M
- Amendments to fee structure for JDFCCU services
- Stash O Cash initiative
- Performed CU's mid-year performance review against major targets which informed the loan initiatives undertaken in the 2nd half of 2015
- Recommendation for amendments to four loan products, namely:
 - Easi Loan
 - Unsecured Loan
 - Quick Cash Loan
 - Motor Vehicle Loan

- Review of proposed credit classification and provisioning guidelines as dictated by the Banking Act.
- Proposed re-establishing a site for the JDFCCU Business Continuity Centre

Way Forward

The ALM Committee will, in the coming year embrace its critical mandate to ensure that the Assets, Investments, Liabilities reflect the optimal interest rate and risk ratios to ensure the best return for the JDFCCU Assets and Investments. Of critical importance for 2016 the Committee is determined to focus on re-establishing the Credit Union's Business Continuity Centre (BCC).

Additionally the impending oversight of the BOJ on Credit Unions, will necessitate a closer and more robust review of the terms of the proposed credit classification and provisioning amendments proposed under the Act.

Review and strengthening of the policies that guide the actions of the Committee is ongoing and will continue in 2016 as we strive to build wealth for all our members.

Acknowledgement

The work of the ALM impacts the entire Credit Union. We are very much aware of this very awesome responsibility and take this opportunity to assure you, our valued members, that the confidence and trust afforded us to make balanced decisions for our business and members is certainly well placed.

Major Clifton C Lumsden, JP
Chairman

Human Resource Committee Report

General

The JDF Credit Union recognizes the positive relationship between its human capital and its 'bottom line'. Stemming from this recognition, a focus was placed on developing the human capital available to the entity. The Human Resource Department was bolstered by the revitalization of the Human Resource Committee now chaired by Major M Anglin (Vice President of the Board of Directors). The Committee comprises personnel from the Board, Staff and the Supervisory Committee. As part of the Committee's effort in this regard, a series of initiatives were undertaken.

Re-Organization and Restructuring

In February 2015, the Credit Union embarked on a restructuring exercise. This was done to better allow for the delivery of quality service to our members. Member Services Officers were empowered to provide a wider range of service to our members. The broadened scope of operations was geared to achieve a needs-driven, solution-oriented delivery of service. The management of risk exposure is vital to our financial wellbeing and as such

a dedicated department was created to monitor and manage our exposure. The post of Business Development Officer was also created to provide sound financial advice to our members as well as to champion the sale of our products and services.

Capacity Building

Concomitant with the restructuring efforts, persons were trained and equipped to operate in their new roles. The training and re-orientation effort fit seamlessly into our ongoing drive to ensure staff members are capable of delivering quality service to our members. Staff members have been exposed to training in Customer Services and Sales, Risk Management, Auditing, Compliance, Accounting, Marketing, Information Technology and Human Resource Management. Additionally, we seek to ensure that staff members are not only experienced in their field, but through cross training, they are flexible and able to manage other areas of responsibility. Deliberate steps are being taken through succession planning to ensure continuity of operations for all key positions. This is an ongoing process and will only serve to improve the capacity and resilience of the Credit Union.

Policy

In order to ensure continuity, predictability and consistency in the management of our human resource, it is important that practical, relevant and current policies are in place. The Committee, through the Human Resource Department, embarked on an ongoing drive to review and develop policies to guide and established standard practices. To this end, we reviewed the policies on Staff Benefits, Leave, Appearance and Grooming and Occupational Health and Safety.

Forward Look

The Human Resource Committee will continue to seek to the development of the human resource through training and on the job experience to deliver the quality service that our members deserve. Improvement will also be undertaken on the work environment and equipment needed to deliver this service. Further review of other policies affecting the staff, will also be undertaken in the coming year, to ensure that all variables on all sides, work effectively and efficiently for the organisation and our members as we continue “Marching forward...building wealth”

Major Michel Anglin
Chairman





DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES

(Agency of the Ministry of Industry, Commerce, Agriculture and Fisheries)

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

2 MUSGRAVE AVENUE
KINGSTON 10

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

E-mail: dcfs@cwjamaica.com

S1

R297/-897/03/16

March 30, 2016

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, 2015.

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

JAMAICA DEFENCE FORCE
CO-OPERATIVE CREDIT UNION LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2015



KPMG
Chartered Accountants
The Victoria Mutual Building
6 Duke Street
Kingston
Jamaica, W.I.

P.O. Box 76
Kingston
Jamaica, W.I.
Telephone +1 (876) 922-6640
Fax +1 (876) 922-7198
+1 (876) 922-4500
e-Mail firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the financial statements of Jamaica Defence Force Co-operative Credit Union Limited, set out on pages 3 to 38, which comprise the statement of financial position as at December 31, 2015, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Co-operatives Societies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

R. Tarun Hanco
Cynthia L. Lawrence
Rajan Kishan
Norman O. Rainford

Nigel R. Chambers
W. Ghan C. de Mel
Nyssa A. Johnson
Wilbert A. Spence



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

Report on the Financial Statements, cont'd

In our opinion, the financial statements give a true and fair view of the financial position of the Jamaica Defence Force Co-operative Credit Union Limited as at December 31, 2015, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Co-operatives Societies Act.

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

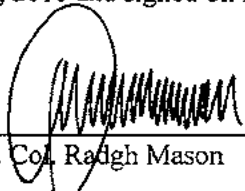
March 30, 2016

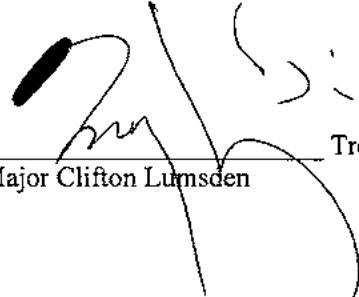
JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED
(A Society Registered Under the Co-operative Societies Act)

Statement of Financial Position
December 31, 2015

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Earning assets:			
Loans, after provision for loan losses	3	1,415,385,361	1,102,117,602
Liquid assets	4	84,072,093	111,837,711
Financial investments	5	<u>51,998,283</u>	<u>48,493,949</u>
Total earning assets		<u>1,551,455,737</u>	<u>1,262,449,262</u>
Non-earning assets:			
Liquid assets	6	4,593,725	8,750,805
Other assets	7	6,767,248	7,869,500
Employee benefit asset	8	11,053,000	10,443,000
Property, plant and equipment	9	<u>14,924,920</u>	<u>16,017,996</u>
Total non-earning assets		<u>37,338,893</u>	<u>43,081,301</u>
TOTAL ASSETS		<u>\$1,588,794,630</u>	<u>1,305,530,563</u>
LIABILITIES			
Interest bearing:			
Savings deposits	10	453,537,202	381,475,204
Members' voluntary shares	11	335,387,921	297,977,762
External credits	12	<u>289,881,347</u>	<u>199,260,321</u>
		1,078,806,470	878,713,287
Non-interest bearing:			
Accounts payable and accruals	13	<u>47,019,108</u>	<u>35,479,006</u>
TOTAL LIABILITIES		<u>1,125,825,578</u>	<u>914,192,293</u>
EQUITY			
Members' permanent share capital	14	14,292,021	13,493,852
Non-institutional capital	15	145,962,269	114,844,342
Institutional capital	16	187,466,200	170,742,862
Undistributed surplus		<u>115,248,562</u>	<u>92,257,214</u>
TOTAL EQUITY		<u>462,969,052</u>	<u>391,338,270</u>
TOTAL LIABILITIES AND EQUITY		<u>\$1,588,794,630</u>	<u>1,305,530,563</u>

The financial statements, on pages 3 to 38, were approved for issue by the Board of Directors on March 30, 2016 and signed on its behalf by:


 _____ President
 Lt. Col. Radgh Mason


 _____ Treasurer
 Major Clifton Lumsden

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, 2015

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Interest income:			
Loans to members		176,210,703	147,932,951
Investments and deposits		<u>6,220,551</u>	<u>6,973,667</u>
		<u>182,431,254</u>	<u>154,906,618</u>
Interest expense:			
Members' deposits		17,316,634	16,877,686
Members' voluntary shares		9,464,713	12,030,220
Other financial costs		<u>22,600,521</u>	<u>14,680,390</u>
		<u>49,381,868</u>	<u>43,588,296</u>
Net interest income		<u>133,049,386</u>	<u>111,318,322</u>
Less: provision for loan losses	3	(1,449,059)	(4,251,524)
direct loan write-offs	3	<u>(10,377,023)</u>	<u>(1,655,045)</u>
		<u>(11,826,082)</u>	<u>(5,906,569)</u>
		<u>121,223,304</u>	<u>105,411,753</u>
Non-interest income:			
Fees		53,891,828	40,928,335
Miscellaneous		<u>3,593,383</u>	<u>3,635,202</u>
		<u>57,485,211</u>	<u>44,563,537</u>
Gross margin		178,708,515	149,975,290
Less: operating expenses	18	<u>(95,234,330)</u>	<u>(84,525,451)</u>
Surplus for the year		83,474,185	65,449,839
Other comprehensive income:			
Item that may not be reclassified to profit or loss:			
Re-measurement of employee benefit asset	8(g)	(1,810,000)	463,000
Item that may be reclassified to profit or loss:			
Change in fair value of available-for-sale investments		<u>749,677</u>	<u>921,456</u>
Total other comprehensive income		<u>(1,060,323)</u>	<u>1,384,456</u>
Total comprehensive income for year		<u>\$ 82,413,862</u>	<u>66,834,295</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, 2015

	Members' permanent share capital (note 14)	Non- institutional capital (note 15)	Institutional capital (note 16)	Undistributed surplus	Total
Balance at December 31, 2013	<u>11,817,184</u>	<u>81,457,886</u>	<u>157,633,484</u>	<u>86,758,404</u>	<u>337,666,958</u>
Total comprehensive income for the year:					
Surplus for the year	-	-	-	65,449,839	65,449,839
Re-measurement of employee benefit asset	-	-	-	463,000	463,000
Change in fair value of investments	-	921,456	-	-	921,456
	<u>-</u>	<u>921,456</u>	<u>-</u>	<u>65,912,839</u>	<u>66,834,295</u>
Transactions with members, recorded directly in equity; contributions by and distributions to members and others					
Appropriation for net surplus for 2013 (note 17):					
Honoraria payment	-	-	-	(1,790,000)	(1,790,000)
Marketing and promotions	-	-	-	(2,000,000)	(2,000,000)
Donations	-	-	-	(2,000,000)	(2,000,000)
Scholarship fund	-	-	-	(1,500,000)	(1,500,000)
IT Enhancement fund	-	-	-	(3,000,000)	(3,000,000)
Disaster relief fund	-	-	-	(1,000,000)	(1,000,000)
Transfer to unsecured loan reserve	-	30,000,000	-	(30,000,000)	-
Transfer to statutory reserve	-	-	13,089,967	(13,089,967)	-
Transfer to employee benefit reserve	-	2,567,000	-	(2,567,000)	-
Share subscription and withdrawal	1,676,668	-	-	-	1,676,668
Dividends	-	-	-	(3,467,062)	(3,467,062)
Share transfer	-	(102,000)	-	-	(102,000)
Entrance fees	-	-	19,411	-	19,411
	<u>1,676,668</u>	<u>32,465,000</u>	<u>13,109,378</u>	<u>(60,414,029)</u>	<u>(13,162,983)</u>
Balance at December 31, 2014	<u>13,493,852</u>	<u>114,844,342</u>	<u>170,742,862</u>	<u>92,257,214</u>	<u>391,338,270</u>
Total comprehensive income:					
Surplus for the year	-	-	-	83,474,185	83,474,185
Re-measurement of employee benefit asset	-	-	-	(1,810,000)	(1,810,000)
Change in fair value of investments	-	749,677	-	-	749,677
	<u>-</u>	<u>749,677</u>	<u>-</u>	<u>81,664,185</u>	<u>82,413,862</u>
Transactions with members, recorded directly in equity; contributions by and distributions to member and others					
Appropriation for net surplus for 2014 (note 17):					
Honoraria payment	-	-	-	(1,969,000)	(1,969,000)
Scholarship fund	-	-	-	(1,000,000)	(1,000,000)
IT Enhancement fund	-	-	-	(3,500,000)	(3,500,000)
Disaster relief fund	-	-	-	(1,000,000)	(1,000,000)
Transfer to unsecured loan reserve	-	30,000,000	-	(30,000,000)	-
Transfer to statutory reserve	-	-	16,694,837	(16,694,837)	-
Transfer to employee benefit reserve	-	610,000	-	(610,000)	-
Share subscription and withdrawal	798,169	-	-	-	798,169
Dividends	-	-	-	(3,899,000)	(3,899,000)
Share transfer	-	(241,750)	-	-	(241,750)
Entrance fees	-	-	28,501	-	28,501
	<u>798,169</u>	<u>30,368,250</u>	<u>16,723,338</u>	<u>(58,672,837)</u>	<u>(10,783,080)</u>
Balance at December 31, 2015	<u>\$14,292,021</u>	<u>145,962,269</u>	<u>187,466,200</u>	<u>115,248,562</u>	<u>462,969,052</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, 2015

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:			
Surplus for the year		83,474,185	65,449,839
Adjustments to reconcile net surplus for year to cash flows provided by operating activities:			
Interest income		(182,431,254)	(154,906,618)
Interest expense		49,381,868	43,588,296
Depreciation	9	2,721,995	2,275,209
Employee benefit asset		(2,420,000)	(2,104,000)
Provision for loan losses	3	1,449,059	5,906,569
Gain on sale of property, plant and equipment		(5,679)	-
		(47,829,826)	(39,790,705)
Interest received		182,296,450	154,461,898
Interest paid		(49,381,868)	(43,588,296)
Loans to members, net		(314,716,818)	(164,318,477)
Other assets		1,237,056	(625,539)
Accounts payable and accruals		<u>4,071,102</u>	<u>(13,373,923)</u>
Net cash used by operating activities		<u>(224,323,904)</u>	<u>(107,235,042)</u>
Cash flows from investing activities:			
Purchase of property, plant & equipment	9	(1,639,566)	(4,454,121)
Proceeds from sale of property, plant and equipment		16,326	-
Investments less unrealised gain		(2,754,657)	(5,527,760)
Net cash used by investing activities		<u>(4,377,897)</u>	<u>(9,981,881)</u>
Cash flows from financing activities:			
External credits, net		90,621,026	72,770,956
Members' savings deposits		72,061,998	3,161,271
Entrance fees		28,501	19,411
Dividends		(3,899,000)	(3,467,062)
Permanent and voluntary shares, net		<u>37,966,578</u>	<u>34,737,600</u>
Net cash provided by financing activities		<u>196,779,103</u>	<u>107,222,176</u>
Net decrease in cash and cash equivalents		(31,922,698)	(9,994,747)
Cash and cash equivalents at beginning of year		<u>120,588,516</u>	<u>130,583,263</u>
Cash and cash equivalents at end of year		<u>88,665,818</u>	<u>120,588,516</u>
Comprised of:			
Liquid assets - earning	4	84,072,093	111,837,711
Liquid assets - non-earning	6	<u>4,593,725</u>	<u>8,750,805</u>
		<u>88,665,818</u>	<u>120,588,516</u>

The accompanying notes from 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, 2015

1. Identification

The Jamaica Defence Force Co-operative Credit Union Limited (Co-operative) is incorporated under the laws of Jamaica and is registered under the Co-operative Societies Act. The Co-operative's 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, 2015, the Co-operative employed 24 persons (2014: 24).

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 as at and for the year ended December 31, 2015 (the reporting date) are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board and comply with the provisions of the Co-operative Societies Act.

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

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Co-operative has adopted the amendment to IAS 24, Related Party Disclosures, with a date of initial application of January 1, 2015. The standard has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognised as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services. The adoption of this amendment did not have any material impact on 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 (Continued)
Year ended December 31, 2015

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

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

New, revised and amended standards and interpretations not yet effective:

Certain new, revised and amended standards and interpretations 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 the relevance of all such new standards, amendments and interpretations with respect to the Co-operative operations and has determined that the following are likely to have an effect on the financial statements.

- IAS 1, *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
 - specific single disclosures that are not material do not have to be presented even if they are the minimum requirement of a standard;
 - the order of notes to the financial statements is not prescribed;
 - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
 - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirement for the statement of profit or loss and OCI; and
 - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.
- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are effective for accounting periods beginning on or after January 1, 2016.
 - The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
 - The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

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, 2015

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

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

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

- IFRS 7, *Financial Instruments: Disclosures*, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

IFRS 7 has also been amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendment to IFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting*, require their inclusion.

- IAS 19, *Employee Benefits*, has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not the country level.
- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

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.

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

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Notes to the Financial Statements (Continued)
Year ended December 31, 2015

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

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

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

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.
- 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. Companies 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. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.

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

The Co-operative is assessing the impact that these new standards and amendments will have on its future financial statements when they are adopted.

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Notes to the Financial Statements (Continued)
Year ended December 31, 2015

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

(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.

(d) Use of estimates and judgements:

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

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

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

(i) Allowance for loan losses:

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

(ii) Pension benefits:

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

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Notes to the Financial Statements (Continued)
Year ended December 31, 2015

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

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

(ii) Pension benefits (cont'd):

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

(e) Property plant and equipment:

(i) Property plant and equipment:

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

(ii) Subsequent costs:

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

(iii) Depreciation:

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

Furniture & fixtures	- 10% per annum
Computers	- 20% per annum
Equipment	- 20% per annum
Container	- 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.

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Notes to the Financial Statements (Continued)
Year ended December 31, 2015

2. Basis of preparation and significant accounting policies (cont'd)

(f) Investments:

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

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

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 transaction whereby an entity buys securities and simultaneously agrees to resell them on a specified date and at a specified price. Repos are accounted for as short-term collateralised lending.

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

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

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Notes to the Financial Statements (Continued)
Year ended December 31, 2015

2. Basis of preparation and significant accounting policies (cont'd)

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

(i) Loans to members:

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

(ii) Allowance for loan losses:

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

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

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

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

(i) Other assets:

Other assets are stated at cost less impairment losses [see note 2(1)].

(j) Other payables and accruals:

Other payables and accruals are stated at amortised cost.

the time value of money and, where appropriate, the risks specific to the liability.

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Notes to the Financial Statements (Continued)
Year ended December 31, 2015

2. Basis of preparation and significant accounting policies (cont'd)

(k) External credits:

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

(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 at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(i) Calculation of recoverable amount:

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

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

(ii) Reversals of impairment:

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

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

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

(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.

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Notes to the Financial Statements (Continued)
Year ended December 31, 2015

2. Basis of preparation and significant accounting policies (cont'd)

(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.

(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 such as pensions; and other long-term employee benefits such as termination benefits.

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

Employee benefits comprising pension asset included in the financial statements have been actuarially determined by a qualified independent actuary, appointed by JCCUL. The actuarial 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 recognized immediately in other comprehensive income. The Co-operative determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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Notes to the Financial Statements (Continued)
Year ended December 31, 2015

2. 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 recognized immediately in profit or loss. The Co-operative recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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

(p) League fees and stabilisation dues:

JCCUL has determined the rate of calculating league fees at 0.20% (2014: 0.20%) of total assets. Stabilisation dues are computed at a rate of 0.15% (2014: 0.35%) 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 (cont'd):

(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.

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Notes to the Financial Statements (Continued)
Year ended December 31, 2015

2. 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 and accruals.

(i) Recognition:

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

(ii) Derecognition:

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

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

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Notes to the Financial Statements (Continued)
Year ended December 31, 2015

3. Loans to members

	2015	2014
Balance at start of year	1,102,117,602	943,705,694
Loans granted	<u>1,105,154,957</u>	<u>1,076,070,437</u>
	2,207,272,559	2,019,776,131
Less repayments and write-offs*	<u>(782,992,853)</u>	<u>(910,213,243)</u>
	1,424,279,706	1,109,562,888
Less: Provision for loan losses	<u>(8,894,345)</u>	<u>(7,445,286)</u>
	<u>\$1,415,385,361</u>	<u>1,102,117,602</u>

*Direct write-offs during the year amounted to \$10,377,023 (2014: \$1,655,045).

Delinquent loans:

The following is a summary of delinquent loans at December 31, 2015:

<u>Period overdue</u>	<u>Number of arrears</u>	<u>Loans in arrears \$</u>	<u>Savings held \$</u>	<u>Exposure \$</u>	<u>Rate (%)</u>	<u>Loan loss provision required \$</u>
< 2 months	4	1,559,510	17,629	1,541,881		-
2 – 3 months	5	4,051,023	46,097	4,004,926	10	405,102
3 – 6 months	9	7,818,478	92,380	7,726,098	30	2,345,543
6 – 12 months	12	5,421,726	39,305	5,382,421	60	3,253,036
> 12 months	<u>14</u>	<u>934,599</u>	<u>30,130</u>	<u>904,469</u>	100	<u>934,599</u>
	<u>44</u>	<u>19,785,336</u>	<u>225,541</u>	<u>19,559,795</u>		<u>6,938,280</u>

The following is a summary of delinquent loans at December 31, 2014:

<u>Period overdue</u>	<u>Number of arrears</u>	<u>Loans in arrears \$</u>	<u>Savings held \$</u>	<u>Exposure \$</u>	<u>Rate (%)</u>	<u>Loan loss provision required \$</u>
< 2 months	1	43,820	3,802	40,018	-	-
2 – 3 months	11	1,247,323	107,465	1,139,858	10	124,732
3 – 6 months	8	4,609,747	310,319	4,299,428	30	1,382,924
6 – 12 months	17	5,854,279	272,313	5,581,966	60	3,512,568
> 12 months	<u>7</u>	<u>2,425,062</u>	<u>548,632</u>	<u>1,876,430</u>	100	<u>2,425,062</u>
	<u>44</u>	<u>14,180,231</u>	<u>1,242,531</u>	<u>12,937,700</u>		<u>7,445,286</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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Notes to the Financial Statements (Continued)
Year ended December 31, 2015

3. Loans to members (cont'd)

Allowance for loan losses:

Allowance for loan losses determined during the year under the requirements of IFRS amounted to \$8,894,435. The movement is as follows:

	<u>2015</u>	<u>2014</u>
Balance at start of year	7,445,286	3,193,762
Movement during the year recognised in profit or loss	<u>1,449,059</u>	<u>4,251,524</u>
Balance at end of year	<u>\$8,894,345</u>	<u>7,445,286</u>

In accordance with JCCUL provisioning requirements, any excess of allowance for loan losses required by JCCUL over the requirements for IFRS, would have been included in a loan loss reserve and treated as an appropriation of undistributed surplus. However, as at December 31, 2015, allowances for loan losses per IFRS requirements exceeded the provisions per JCCUL requirements resulting in additional adjustments to the provision required at year end.

In addition to the provision for loan losses recognised through profit or loss, the Co-operative also has an unsecured loan loss reserve of \$130,000,000 as at December 31, 2015 (see also note 15).

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

	<u>2015</u>	<u>2014</u>
Within 1-3 months	5,547,253	8,056,872
From 3 months to 1 year	39,286,205	185,747,680
From 1 year to 5 years	895,906,958	450,022,106
Over 5 years	<u>474,644,945</u>	<u>458,290,944</u>
	<u>\$1,415,385,361</u>	<u>1,102,117,602</u>

4. Earning assets – liquid assets

	<u>2015</u>	<u>2014</u>
Jamaica Money Market Brokers Limited		
– Resale agreement (i)	26,643,827	25,125,349
JCCUL – Resale agreement (i)	26,292,721	24,977,705
JCCUL – CUCASH	<u>31,135,545</u>	<u>61,734,657</u>
	<u>\$84,072,093</u>	<u>111,837,711</u>

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

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Notes to the Financial Statements (Continued)
Year ended December 31, 2015

5. Financial investments

	2015				
	Remaining to maturity				
	Within 1 year	1 to 5 years	No fixed maturity date	Total non-current	Carrying value
<u>Loans and receivables</u>					
Deposits - JCCUL – CUETS	-	7,206,003	-	7,206,003	7,206,003
Deposits - JCCUL – CU PREMIUM	9,506,075	-	-	-	9,500,075
Deposits - JCCUL – Mortgage fund	-	11,383,392	-	11,383,392	11,383,392
Deposits - Victoria Mutual Building Society Mortgage fund	-	<u>2,138,620</u>	-	<u>2,138,620</u>	<u>2,138,620</u>
	<u>9,506,075</u>	<u>20,728,015</u>	-	<u>20,728,015</u>	<u>30,234,090</u>

	2015				
	Remaining to maturity				
	Within 1 year	1 to 5 years	No fixed maturity date	Total non-current	Carrying value
<u>Loans and receivables c/fwd</u>	<u>9,506,075</u>	<u>20,728,015</u>	-	<u>20,728,015</u>	<u>30,234,090</u>
<u>Available-for-sale (at cost):</u>					
JCCUL – permanent shares	-	-	2,007,556	2,007,556	2,007,556
JCCUL – unlisted shares	-	-	2,336,636	2,336,636	2,336,636
Quality Network Co-operative – shares	-	-	227,042	227,042	227,042
JMMB Investment Giltedge Fund- – Units	-	-	1,801,328	1,801,328	1,801,328
Barita Money Market Fund – Units	-	-	<u>15,391,631</u>	<u>15,391,631</u>	<u>15,391,631</u>
	-	-	<u>21,764,193</u>	<u>21,764,193</u>	<u>21,764,193</u>
Total	<u>\$9,506,075</u>	<u>20,728,015</u>	<u>21,764,193</u>	<u>42,492,208</u>	<u>51,998,283</u>

	2014				
	Remaining to maturity				
	Within 1 year	1 to 5 years	No fixed maturity date	Total non-current	Carrying value
<u>Loans and receivables</u>					
Deposits - JCCUL – CUETS	-	6,977,386	-	6,977,386	6,977,386
Deposits - JCCUL – CU PREMIUM	8,925,655	-	-	-	8,925,655
Deposits - JCCUL – Mortgage fund	-	10,937,771	-	10,937,771	10,937,771
Deposits - Victoria Mutual Building Society Mortgage fund	-	<u>2,138,620</u>	-	<u>2,138,620</u>	<u>2,138,620</u>
	<u>8,925,655</u>	<u>20,053,777</u>	-	<u>20,053,777</u>	<u>28,979,432</u>

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Notes to the Financial Statements (Continued)

Year ended December 31, 2015

5. Financial investments (cont'd)

	2014				
	Remaining to maturity				
	Within 1 year	1 to 5 years	No fixed maturity date	Total non-current	Carrying value
<u>Available-for-sale (at cost):</u>					
JCCUL – permanent shares	-	-	2,007,555	2,007,555	2,007,555
JCCUL – unlisted shares	-	-	836,636	836,636	836,636
Quality Network Co-operative – shares	-	-	227,042	227,042	227,042
JMMB Investment Giltedge Fund					
– Units	-	-	1,814,085	1,814,085	1,814,085
Barita Money Market Fund					
– Units	-	-	14,629,199	14,629,199	14,629,199
	-	-	19,514,517	19,514,517	19,514,517
Total	\$8,925,655	20,053,777	19,514,517	39,568,294	48,493,949

6. Non-earning assets – liquid assets

	2015	2014
Cash in hand	3,219,721	1,647,554
Bank account balance	1,374,004	7,103,251
	\$4,593,725	8,750,805

7. Non-earning assets-other

	2015	2014
General Consumption Tax	-	304,719
Withholding tax recoverable	2,443,478	2,365,379
Interest receivable	883,108	698,304
Other receivable	2,879,967	3,711,128
Prepaid expenses	560,695	789,970
	\$6,767,248	7,869,500

8. Employee benefit asset

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

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Year ended December 31, 2015

8. Employee benefit asset (cont'd)

(a) Employee benefit asset:

	<u>2015</u>	<u>2014</u>
Present value of funded obligations	(27,715,000)	(19,462,000)
Fair value of plan assets	<u>38,768,000</u>	<u>29,905,000</u>
Asset recognised	<u>\$11,053,000</u>	<u>10,443,000</u>

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

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	10,443,000	7,876,000
Employer's contributions paid	2,765,000	2,466,000
Pension expense recognised in profit or loss	(345,000)	(362,000)
Re-measurement (loss)/gain recognised in other comprehensive income	(1,810,000)	<u>463,000</u>
Balance at end of year	<u>\$11,053,000</u>	<u>10,443,000</u>

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

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	(19,462,000)	(17,016,000)
Benefit paid	720,000	77,000
Current service and interest costs	(5,142,000)	(4,547,000)
	<u>\$(23,884,000)</u>	<u>(21,486,000)</u>
Actuarial re-measurement (loss)/gain arising from:		
- experience adjustments	(5,000)	(385,000)
- change in demographic assumptions	-	2,409,000
- changes in financial assumptions	(3,826,000)	-
	<u>(3,831,000)</u>	<u>2,024,000</u>
	<u>\$(27,715,000)</u>	<u>(19,462,000)</u>

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Year ended December 31, 2015

8. Employee benefit asset (cont'd)

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

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	29,905,000	24,892,000
Contributions paid	4,717,000	4,210,000
Interest income on plan assets	3,031,000	2,562,000
Benefit paid	(720,000)	(77,000)
Administrative expense	(186,000)	(121,000)
Re-measurement gain/(loss)	<u>2,021,000</u>	<u>(1,561,000)</u>
	<u>\$38,768,000</u>	<u>29,905,000</u>

(e) Plan assets consist of the following:

	<u>2015</u>	<u>2014</u>
J\$ Debenture	18,830,000	15,897,000
Repurchase agreements	6,833,000	5,623,000
Investment properties	4,892,000	3,695,000
US\$ Debentures	2,248,000	1,309,000
Certificates of deposit	3,381,000	2,052,000
Quoted equities	2,324,000	669,000
Real estate investment trust fund	375,000	303,000
Corporate bonds	50,000	-
Net current (liabilities)/assets	<u>(165,000)</u>	<u>357,000</u>
	<u>\$38,768,000</u>	<u>29,905,000</u>

(f) Amounts recognised in profit or loss:

	<u>2015</u>	<u>2014</u>
Current service cost	1,283,000	1,106,000
Interest cost on obligation	1,907,000	1,697,000
Administrative expense	186,000	121,000
Interest income on plan assets	<u>(3,031,000)</u>	<u>(2,562,000)</u>
	<u>\$ 345,000</u>	<u>362,000</u>

(g) Amounts recognised in other comprehensive income:

	<u>2015</u>	<u>2014</u>
Re-measurement loss/(gain) on obligation	3,831,000	(2,024,000)
Re-measurement (loss)/gain on plan assets	<u>(2,021,000)</u>	<u>1,561,000</u>
	<u>\$1,810,000</u>	<u>(463,000)</u>

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Notes to the Financial Statements (Continued)
Year ended December 31, 2015

8. Employee benefit asset (cont'd)

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

	<u>2015</u>	<u>2014</u>
Discount rate	8.5%	9.5%
Salary increases	6.0%	6.5%
Price inflation	5.0%	5.5%
Pension increases	<u>2.5%</u>	<u>2.75%</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 is shown below.

	<u>2015</u>		<u>2014</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>
	\$	\$	\$	\$
Discount rate	(5,954)	8,327	(4,063)	5,778
Future salary increases	4,711	(3,870)	3,441	(2,774)
Future pension increases	<u>2,768</u>	<u>(2,237)</u>	<u>1,775</u>	<u>(1,430)</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 \$610,000 (2014: \$360,000).

(k) Liability duration:

	<u>2015</u>	<u>2014</u>
Active members and all participants	<u>26.4years</u>	<u>25.8years</u>

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Notes to the Financial Statements (Continued)
Year ended December 31, 2015

9. Property, plant and equipment

	Furniture and fixtures	Computers	Equipment	Container	Leasehold improvement	Generator	Total
Cost:							
December 31, 2013	3,356,207	2,785,116	3,658,792	7,025,785	8,184,010	-	25,009,910
Additions	<u>47,512</u>	<u>265,328</u>	<u>1,564,517</u>	<u>-</u>	<u>144,450</u>	<u>2,432,314</u>	<u>4,454,121</u>
December 31, 2014	3,403,719	3,050,444	5,223,309	7,025,785	8,328,460	2,432,314	29,464,031
Additions	63,169	1,005,676	317,053	-	218,480	35,188	1,639,566
Disposals	<u>-</u>	<u>-</u>	<u>(42,596)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,596)</u>
December 31, 2015	<u>3,466,888</u>	<u>4,056,120</u>	<u>5,497,766</u>	<u>7,025,785</u>	<u>8,546,940</u>	<u>2,467,502</u>	<u>31,061,001</u>
Depreciation:							
December 31, 2013	2,280,459	2,126,767	2,676,982	2,085,618	2,001,000	-	11,170,826
Charge for the year	<u>283,587</u>	<u>414,589</u>	<u>394,511</u>	<u>695,062</u>	<u>411,449</u>	<u>76,011</u>	<u>2,275,209</u>
December 31, 2014	2,564,046	2,541,356	3,071,493	2,780,680	2,412,449	76,011	13,446,035
Charge for the year	156,066	216,570	857,206	694,881	420,908	376,364	2,721,995
Disposals	<u>-</u>	<u>-</u>	<u>(31,949)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,949)</u>
December 31, 2015	<u>2,720,112</u>	<u>2,757,926</u>	<u>3,896,750</u>	<u>3,475,561</u>	<u>2,833,357</u>	<u>452,375</u>	<u>16,136,081</u>
Net book value:							
December 31, 2015	<u>\$ 746,776</u>	<u>1,298,194</u>	<u>1,601,016</u>	<u>3,550,224</u>	<u>5,713,583</u>	<u>2,015,127</u>	<u>14,924,920</u>
December 31, 2014	<u>\$ 839,673</u>	<u>509,088</u>	<u>2,151,816</u>	<u>4,245,105</u>	<u>5,916,011</u>	<u>2,356,303</u>	<u>16,017,996</u>

10. Savings deposits

	2015	2014
Term deposits	68,080,551	63,737,485
SHYDA deposits	214,679,044	165,932,395
Regular deposits	84,268,696	71,255,483
Partner plan	14,752,388	10,827,998
SWYS Plus	57,713,867	52,088,181
Christmas special	1,221,606	614,870
Golden harvest	<u>12,821,050</u>	<u>17,018,792</u>
	<u>\$453,537,202</u>	<u>381,475,204</u>

11. Members' voluntary shares

	2015	2014
Balance at beginning of the year	297,977,762	264,814,830
Add new deposits	<u>298,776,939</u>	<u>449,140,295</u>
	596,754,701	713,955,125
Less withdrawals and transfers	<u>(261,366,780)</u>	<u>(415,977,363)</u>
	<u>\$335,387,921</u>	<u>297,977,762</u>

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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>2015</u>	<u>2014</u>
JCCUL – Mortgage loan (i)	8,493,662	11,005,859
JCCUL – Liquidity support loan (ii)	104,361,923	136,724,222
JCCUL – Line of credit (iii)	110,143,794	-
Other (iv)	<u>66,881,968</u>	<u>51,530,240</u>
	<u>\$289,881,347</u>	<u>199,260,321</u>

- (i) This represents four loans granted by JCCUL to the Co-operative and bears interest at 7% per annum. The loans are un-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 the 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 8% per annum and are repayable between October and November 2018.
- (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.

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Notes to the Financial Statements (Continued)
Year ended December 31, 2015

13. Accounts payable and accruals

	<u>2015</u>	<u>2014</u>
IT enhancements	1,043,085	1,216,860
Withholding tax	408,918	2,043,928
Audit fees	1,290,112	1,375,000
Other payables and accruals	33,080,480	19,669,565
Unclaimed deposits	7,161,654	7,016,446
Standing order	2,265,298	2,129,097
Online ATM payable	712,296	642,110
Scholarship fund	<u>1,057,265</u>	<u>1,386,000</u>
	<u>\$47,019,108</u>	<u>35,479,006</u>

14. Members' permanent share capital

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

15. Non-institutional capital

	<u>2015</u>	<u>2014</u>
General reserve	1,874,325	1,978,325
Employee benefit reserve	11,053,000	10,443,000
Unsecured loans reserve	130,000,000	100,000,000
Investment reserve	3,172,694	2,423,017
Nominee reserve	(<u>137,750</u>)	<u>-</u>
	<u>\$145,962,269</u>	<u>114,844,342</u>

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 scheme in which the Co-operative participates. Annual changes in the value of the scheme are shown in the surplus for the year and other comprehensive income, then transferred to this reserve.

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

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>2015</u>	<u>2014</u>
Statutory reserve	153,066,650	136,371,813
Capital reserve	<u>34,078,368</u>	<u>34,078,368</u>
	187,145,018	170,450,181
Entrance fees	<u>321,182</u>	<u>292,681</u>
	<u>\$187,466,200</u>	<u>170,742,862</u>

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

Statutory reserve:

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

Capital reserve:

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

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17. Appropriation of net surplus

These amounts are determined by members at their Annual General Meeting and are treated as distributions from the Co-operative's surplus for the year, normally paid in the ensuing financial year. This is consistent with the rules of the Co-operative. Honoraria represents payments made to volunteers of the Co-operative for contributions made in furtherance of the Co-operative's activities.

18. Operating expenses

	<u>2015</u>	<u>2014</u>
Administrative expenses:		
Salaries, allowance and contributions	51,566,077	46,986,540
Staff benefits	4,777,517	3,745,632
Staff training	903,840	1,069,950
Pension	<u>344,818</u>	<u>362,085</u>
	<u>57,592,252</u>	<u>52,164,207</u>
General overheads:		
Administrative expenses	73,412	472,129
Audit fees	1,500,000	1,375,000
Bad debt expense	-	785,448
Depreciation	2,721,995	2,275,209
Electricity	1,950,697	1,722,103
Insurance premiums	5,179,102	5,233,170
Marketing expenses	5,118,991	-
Office expenses	3,706,171	2,813,713
Professional and accounting fees	1,209,639	1,157,041
Printing, stationery and office supplies	2,735,585	2,484,677
Repairs and maintenance	196,505	364,242
Travel and subsistence	414,247	440,367
Telephone, cable, postage and telegram	<u>912,043</u>	<u>905,541</u>
	<u>25,718,387</u>	<u>20,028,640</u>
Affiliation and representation:		
League fees and dues	5,223,404	5,464,518
League Annual General Meeting	1,681,354	1,172,972
Board and Committee Meetings	2,629,822	3,112,259
Annual General Meeting	<u>2,389,111</u>	<u>2,582,855</u>
	<u>11,923,691</u>	<u>12,332,604</u>
Total operating expenses	<u>\$95,234,330</u>	<u>\$84,525,451</u>

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Notes to the Financial Statements (Continued)
Year ended December 31, 2015

19. Staff and volunteers' loans and deposits

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

	<u>Number</u>	<u>2015</u>	
		<u>Loans</u>	<u>Shares and deposits</u>
		<u>\$</u>	<u>\$</u>
Staff	18	33,144,594	4,821,511
Key management personnel	9	38,309,646	5,581,832
Volunteers	22	56,873,886	10,729,991
Staffs' children and spouse	28	5,870,751	1,379,879
Volunteers' children and spouse	<u>27</u>	<u>447,474</u>	<u>599,844</u>
	<u>Number</u>	<u>2014</u>	
		<u>Loans</u>	<u>Shares and deposits</u>
		<u>\$</u>	<u>\$</u>
Staff	16	14,773,364	7,154,650
Key management personnel	9	23,242,659	3,749,886
Volunteers	<u>13</u>	<u>37,201,140</u>	<u>10,570,169</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.

20. 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 19.

(ii) Key management personnel compensation is as follows:

	<u>2015</u>	<u>2014</u>
	<u>\$</u>	<u>\$</u>
Short-term employee benefits (included in note 18)	<u>12,606,744</u>	<u>12,364,891</u>

21. Insurance

The Co-operative maintained life, savings and loan protection insurance coverage during the year. Premiums of \$158,000 (2014: \$158,000) for fidelity insurance coverage was paid during the year.

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Notes to the Financial Statements (Continued)

Year ended December 31, 2015

22. Comparison of ledger balances

	Members' <u>Savings deposits</u>	<u>Loans, gross</u>	Members' <u>Voluntary shares</u>
General ledger	453,537,202	1,424,279,705	335,387,921
Members' ledger	(453,537,202)	(1,424,279,705)	(335,387,921)
Differences as at December 31, 2015	\$ <u>-</u>	<u>-</u>	<u>-</u>

23. 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.

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23. 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. 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.

24. Financial risk management

(a) Introduction and overview

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

- credit risk
- liquidity risk
- market risk

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

(b) Credit risk

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

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, 2015

24. 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 \$869,953,953 (2014: \$634,701,260).

Impaired loans

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

Past due but not impaired loans

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

Loans with renegotiated terms

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

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, 2015

24. Financial risk management (cont'd)

(b) Credit risk (cont'd)

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

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, 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.

(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.

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, 2015****24. Financial risk management (cont'd)****(c) Liquidity risk (cont'd)**

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 9% (2014: 15%).

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.

	2015			
	Within 1 Month \$	3 to 12 months \$	1 – 5 years \$	Carrying amount \$
Savings deposits	-	238,858,158	214,679,044	453,537,202
Members' voluntary shares	331,837,016	-	3,550,905	335,387,921
External credits	-	66,679,930	223,201,417	289,881,347
Accounts payable and accruals	47,019,108	-	-	47,019,108
	<u>378,856,124</u>	<u>305,538,088</u>	<u>441,431,366</u>	<u>1,125,825,578</u>
	2014			
	Within 1 month \$	3 to 12 months \$	1 – 5 years \$	Carrying amount \$
Savings deposits	-	215,542,809	165,932,395	381,475,204
Members' voluntary shares	293,656,112	-	4,321,650	297,977,762
External credits	-	51,530,240	147,730,081	199,260,321
Accounts payable and accruals	35,479,006	-	-	35,479,006
	<u>329,135,118</u>	<u>267,073,049</u>	<u>317,984,126</u>	<u>914,192,293</u>

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.

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, 2015

24. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

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 instrument because of a change in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustments within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values. Interest rate risk is managed by holding primarily fixed rate financial instruments. Liquid assets are held for the short-term and, accordingly, would substantially reflect prevailing interest rates in the financial markets. Interest 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.

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, 2015

24. Financial risk management (cont'd)

(d) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

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

	<u>2015</u>	<u>2014</u>
	\$	\$
Fixed rate financial assets:		
Loans to members	1,415,385,361	1,102,117,602
Liquid assets	84,072,093	111,837,711
Financial investments	<u>30,234,090</u>	<u>28,979,432</u>
	<u>1,529,691,544</u>	<u>1,242,934,745</u>
	<u>2015</u>	<u>2014</u>
	\$	\$
Fixed rate financial liabilities:		
Savings deposit	453,537,202	381,475,204
Members' voluntary shares	335,387,921	297,977,762
External credits	<u>289,881,347</u>	<u>199,260,321</u>
	<u>1,078,806,470</u>	<u>878,713,287</u>

Sensitivity analysis

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

(e) Capital management

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

The Co-operative is required by the League to maintain its institutional capital at a minimum of 8% of total assets. At the reporting date, this ratio was 10.74% (2014: 12.09%) which is in compliance with the requirements.

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

MEET the **MANAGEMENT TEAM**



Patricia Tomlinson
General Manager



Marsha McGowan
Operations Manager



Alvin Reid
IT Manager



Tahnee Taylor
HR & Admin Manager

Janice Blake
Marketing & Member
Relations Manager

Allison Pessoa
Risk & Compliance
Officer

the **MANAGEMENT TEAM** cont'd



Karlene Pitter-Cooper
Internal Auditor



Howard Powell
Finance Manager





Marva McGregor
Credit Risk Manager




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Mobile: 419-9229

HR & ADMIN DEPARTMENT



Left - Right:

Tahnee Taylor
-HR & Admin Manager

Sonia Clarke
-Office Attendant

Frances Collie
-HR & Admin Assistant

Patricia Tomlinson
-General Manager

RISK & COMPLIANCE

MARKETING DEPARTMENT



Allison Pessoa
-Risk and Compliance Officer

Camile Stewart
*-Business Development
Officer*

Janice Blake
*-Marketing and Member
Relations Manager*

OPERATIONS DEPARTMENT



Standing Left - Right:

Kameila Brown
-Member Service Officer

Charlene Smith
-Member Service Officer

Marsha Morris-Barthley
-Senior Teller

Kirlew Duncan
-Teller

Tricia Laylor
-Member Service Officer

Standing Cont'd:

Shackeria Williams
-Teller

Monique Russell
-Teller

Melissa Brown-Morgan
-Member Service Officer

Seated Left - Right:

Marsha McGowan
-Operations Manager

Marsha Segree-Boothe
-Loans Officer



INFORMATION TECHNOLOGY DEPARTMENT



Garth Beckford
-IT Support Officer

Alvin Reid
-IT Manager

ACCOUNTS DEPT.

CREDIT RISK DEPARTMENT



Georgia Cornwall
-Accounting Officer
(standing)

Howard Powell
-Finance Manager
(seated)

Clarine Bogle
-Collateral and
Delinquency
Control Officer

Jason Stewart
-Credit Risk Officer

Marva McGregor
-Credit Risk Manager



Credit Committee REPORT

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

Left - Right:

Corporal William Gilzene
-Secretary

Warrant Officer Class 2 Ronald Johnson
-Member

Major Garth Anderson
-Chairman

Mrs. Shakera Marshall-Fender
-Member

Warrant Officer Class 1 Calvin Dryden
-Member

Warrant Officer Class 2 Hamroy Roberts
-Member

Captain Heleda Thompson
-Member (missing)

Following the election at the 52nd Annual General Meeting held on April 16, 2015, the Committee met for the first time as required on Thursday 22 April 2015, when the unanimous decision was taken to elect the undersigned as Chairman and Corporal Gilzene as Secretary.

Much like the previous year, 2015 was a challenging one for the Jamaica Defence Force Co-operative Credit Union. This however is by no means a unique position and as such the year saw other credit unions merging in order to survive. Despite this, instead of considering a merger, our Credit Union opted to do a bond extension which opened the doors to members' extended families and associated organizations.

During the period under review, there was an increase in the number of loan applications that required the Committees' approval. This saw the Committee meeting on average once per week and reviewing an average of three (3) loans at each meeting. It must be noted that the meetings were for the most part very efficient largely due to the improved level of preparedness on the part of the Credit Risk Manager and staff.

Most of the applications were presented to the Committee on the basis of approval of debt service ratio waivers. After reviewing some associated factors, the Committee recommended that the Board considered increasing the debt service ratio threshold from 60% to a minimum of 70%. This decision is still pending as the Board continues to exercise due diligence in its decision-making process. Below is a breakdown of loans reviewed and approved by the Committee over the period:



Serial	Loan Description	Amount
01.	Unsecured	\$463,067.35
02.	Home Improvement	\$9,954,405.02
03.	Motor Vehicle	\$69,358,563.05
04.	Debt Consolidation	\$55,837,724.55
05.	Furniture/Household Items	\$661,816.23
06.	Educational Expenses	\$1,420,490.04
07.	Medical Expenses	\$280,798.36
08.	Personal	\$3,004,414.88
09.	Help Line	\$2,000,000.00
Total		\$142,981,279.48

The almost \$143 million in overall loans is a significant increase in the value of loan applications when compared with the \$111 million for the previous year and \$133 million for 2013. This upward trend in loan amounts as well as the range of loans, is indicative of the members' need for financial assistance due to the current financial climate but it is also indicative of increased confidence in the Credit Union's ability to satisfy members' needs and improve their financial standing.

It would be remiss of me not to use this opportunity to thank the hardworking members of my Committee for their unwavering dedication throughout the year, and for going above and beyond the call of duty on several occasions to ensure that the members' needs were met in a timely and professional manner.

Special mention must be made of Captain Heleda Thompson, the immediate past Chairman of the Committee, who after giving several years of yeoman service, agreed to volunteer for another year in order to provide well needed guidance to a new Committee and Chairman. Special mention must also be made of our Secretary, Corporal William Gilzene who despite being new and inexperienced in his role, approached it with the highest level of dedication and professionalism.

The members of the Credit Committee recognize that our work would be that much more difficult without the guidance and support of the Board of Directors, the Supervisory Committee and the Members of Staff of the Credit Union, and therefore we take this opportunity to thank them and to commit to a mutually beneficial relationship going forward.

Finally, we would like to thank the members of the Credit Union for the vote of confidence which you have displayed by selecting us to serve you in our capacity as volunteers on the Credit Committee. We are committed to the task and vow that if re-elected, we will continue to conduct our duties in a manner which ensures that your best interest is represented at all times, while ensuring the overall wellbeing of our Jamaica Defence Force Co-operative Credit Union Limited.

Major Garth Anderson
Chairman, Credit Committee

Supervisory Committee REPORT

Major M Gordon
Chairman



Pursuant to Rule 100 (b) the Supervisory Committee carried out examinations of the affairs of the Credit Union with respect to, inter alia:

- Bank Reconciliation
- Cash and Vault Management
- Management of Securities
- Infrastructural Integrity
- Management of Investments
- Processing of Loans
- Management of Accounts
- Loan Delinquency
- Staff and Volunteer Loans
- Fixed Assets Inventory
- Statutory Payments Requirements
- Staff Operations
- Preparation for Bank of Jamaica Regulations

The Committee is of the view that, whilst there is room for improving the various control policies and processes; the Credit Union remains capable to cater for the financial needs and wants of the membership. Majority of the issues discovered during our audits over the period were addressed and those not yet addressed remain the focus of monitoring to ensure remedial action. The Committee remains confident in the systems and procedures as laid out in policy, and barring relevant updates, they are sufficient to protect the integrity of the entity.

The Committee expresses its gratitude to the Board and Staff for facilitating our queries and addressing our concerns. We further extend our gratitude to the members, our fellow co-operators, who continue to repose trusts and confidence in the institution of the Credit Union. We emphasize our commitment to continue working together to ensure that each and every member's interest is protected. As Chairman, I express my personal gratitude to other members of the Committee who have dedicated much time and effort to the cause of ensuring that the interest of all of us is protected.

A handwritten signature in black ink, appearing to be 'M Gordon', written over a light blue background.

M GORDON
Major
Chairman - Supervisory Committee



Left - Right:

WO2 Steve Wallace

Mrs. Fay Tomlinson

SSgt Carlean Sutherland

Ms Judith Salmon

Sgt Courtney Williams

MEET the members of the
SUPERVISORY COMMITTEE

Nominating Committee REPORT

REPORT OF THE NOMINATING COMMITTEE TO THE 53RD ANNUAL GENERAL MEETING OF JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LTD.

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

Maj Michael Anglin	- Chairman
WO2 Hamroy Roberts	- Member
Miss Marsha McGowan	- Secretary

The Committee reports as follows:

Directors and committee members retiring at this Annual General Meeting and the Nominees proposed are as follows:

Board of Directors

Retiring

Lieutenant Colonel Radgh Mason
Staff Sergeant Lenearth Anderson
Captain Kwame Gordon
Captain Andres Pierce
Mrs. Donna Marie Brown

Not Retiring

Major Michael Anglin
Major Clifton Lumsden
Sergeant Andre Shakespeare
Mr Everton Hay

Unexpired Term

1 year
1 year
1 year
1 year

Recommended

Lieutenant Colonel Radgh Mason
Major Maxwell Gordon
Captain Kwame Gordon
Staff Sergeant Lenearth Anderson
Mrs. Donna Marie Brown

Term

2 years
2 years
2 years
2 years
2 years

Credit Committee

Retiring

Major Garth Anderson
Captain Heleda Thompson
Warrant Officer Class 1 Calvin Drysden
Warrant Officer Class 2 Ronald Johnson
Mrs. Shakera Marshall-Fender

Not Retiring

Warrant Officer Class 2 Hamroy Roberts
Corporal William Gilzeane

Unexpired Term

1 year
1 year

Recommended

Major Garth Anderson
Captain Heleda Thompson
Warrant Officer Class 1 Calvin Drysden
Warrant Officer Class 2 Johnson
Mrs. Shakera Marshall-Fender

Term

2 years
2 years
2 years
2 years
1 year

Supervisory Committee

Retiring

Major Maxwell Gordon
Major Courtney Dunkley
Warrant Officer Class 2 Steve Wallace
Staff Sergeant Carlean Sutherland
Sergeant Courtney Williams
Miss Judith Salmon
Mrs. Fay Tomlinson

Recommended

Term

Major Courtney Dunkley	1 year
Captain Andres Pierce	1 year
Warrant Officer Class 2 Steve Wallace	1 year
Staff Sergeant Carlean Sutherland	1 year
Sergeant Courtney Williams	1 year
Miss Judith Salmon	1 year
Mrs. Fay Tomlinson	1 year

Delegates

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

Profile of Nominees:

BOARD OF DIRECTORS

Lt Col Radgh Mason has been a member of the JDF Credit Union for twenty-five (25) years and has served on the Board of Directors for over twelve (12) years. He is currently the President of the Board. He holds a Master of Science degree in Management Information Systems and a Bachelor of Science degree (Hons) in Management Studies and Accounting. Lt Col Mason is the Commanding Officer of the Support and Services Battalion.

Maj Maxwell Gordon has been a member of the JDF Credit Union for thirteen (13) years. He is currently a Staff Officer for Personnel & Administration at Headquarters Jamaica Defence Force. He has been a member of the JDF for twenty two (22) years.

Capt Kwame Gordon has been a member of the JDF Credit Union for eleven (11) years and has been a volunteer since 2013. He has been an Attorney-at Law since 1998 and is a member of the Commercial and Litigation Department of the law firm, Samuda & Johnson. He holds a Bachelor of Law, LLB (Hons) from the University of the West Indies and currently serves as an officer at the Third Battalion The Jamaica Regiment (National Reserve) (3JR (NR)).

SSgt Lenearth Anderson has been a member of the JDF Credit Union for the past twenty (20) years and has served on the Supervisory Committee for over three years during which he was elected as Chairman. He has an Associate Degree in Criminal Justice

and has pursued courses in Supervisory Management, Marketing, Government Accounting and Proceeds of Crime Act (POCA). He is currently employed at the Military Pay and Records Company.

Mrs. Donna Marie Brown has been a member of the JDF Credit Union since 1990. 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. Lorraine-Brown has a wealth of experience and training in Government Accounts, Budgeting, Human Resource Management, Leadership and Corporate Planning. She is the holder of a diploma and several certificates and is currently pursuing an Associate Degree in Business Administration.

CREDIT COMMITTEE

Maj Garth Anderson has been a member of the JDF Credit Union since April 2008 and currently served as the Chairman of the Credit Committee. He is presently the staff officer in charge of Operations at Headquarters Jamaica Defence Force.

Capt Heleda Thompson has been a member of the JDF Credit Union for twenty-three (23) and served as a member of the Credit Committee for more than ten (10) years. She has also served as a member of the Board of Directors. She is currently the Officer in Charge of Military Records at the Headquarters Jamaica Defence Force.

W01 Calvin Dryden has been a member of the JDF Credit Union since April 1991 and has been a volunteer for one (1) year, having been co-opted in 2015. He currently serves as the Regimental Sergeant Major Permanent Staff Instructor at the Third Battalion The Jamaica Regiment (National Reserve).

W02 Ronald Johnson has been a member of the JDF Credit Union since December 2003 and has been a volunteer for one (1) year, having been co-opted in 2015. He has been a member of the Jamaica Defence Force for twenty-three (23) years and currently serves at the Military Police Company.

Mrs. Shakera Marshall-Fender has been a member of the JDF Credit Union since December 2006 and has been a volunteer for one (1) year, having been co-opted in 2015. She currently works at the JDF Pay and Records Office as the payroll supervisor. She is holder of an Associate of Science Degree in Accounting as well as a Diploma in Accounting. Presently she is pursuing a Bachelor's degree in Business Administration.

SUPERVISORY COMMITTEE

Maj Courtney Dunkley has been a member of the JDF Credit Union for eight (8) years. He possesses extensive experience in banking and military operations for over 25 years. He currently holds a Diploma in Management Studies, Certificate in Banking & Supervisory Management and is currently pursuing

a Bachelor of Science Degree in Management Studies at Sunderland University. He is currently the 2IC for the Third Battalion The Jamaica Regiment (National Reserve) (3JR (NR)).

Capt Andres Pierce has been a member of the JDF Credit Union for seven (7) years and has been serving as a volunteer since 2014. He is currently employed as the Acting Officer Commanding Military Pay and Records Company, and he also serves as the Treasurer of the Jamaica Officers Club. He holds a Master's degree in Business Administration and a Bachelor of Science degree (Hons) in Banking and Finance, and he is the chief instructor for the JDF Service Fund Accounting courses.

WO2 Steve Wallace has been a member of the JDF and the JDF Credit Union for twenty-seven (27) years. He has been a volunteer for two (2) years and is currently employed at the First Battalion The Jamaica Regiment as a Company Sergeant Major.

SSgt Carlean Sutherland has been a member of the JDF Credit Union for twenty-six (26) years and has been a volunteer for six (06) years on the Supervisory Committee. SSgt Sutherland previously served as Chairman of the Supervisory Committee until she went to pursue and successfully completed a Bachelor of Science Degree in Social Work from the University of the West Indies. She is currently employed as the Chief Clerk at the JDF Air Wing.

Sgt Courtney Williams has been a member of the JDF Credit Union for twenty-four (24) years. He is currently employed at the Caribbean Military Aviation School (CMAS), JDF Air Wing. He holds a Diploma in Business Administration.

Miss Judith Salmon has been a member of the JDF Credit Union for eight (8) years and is currently employed at the Civilian Human Resource and Administration Department. She holds a Bachelor of Science Degree in Business Administration.

Mrs. Fay Tomlinson has been a member of the JDF Credit Union for two (2) years. She has been employed at the JDF Pay and Records Office for over thirty-three (33) years and is presently the Supervisor of the Payments Unit. Mrs. Tomlinson has a Diploma in Government Accounting, a Certificate in Supervisory Management and an Associate of Science Degree in Accounting.



M A Anglin
Major
Chairman



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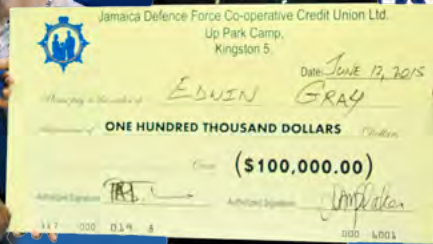
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Up Park Camp, Kingston 5.
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Mobile: 419-9229



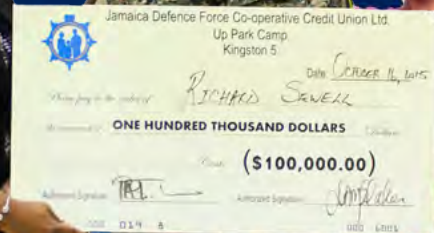
JAMAICA DEFENCE FORCE
CO-OPERATIVE CREDIT UNION LTD.

STASH O CASH

SAVINGS PROMOTION



Mr Edwin Gray
June Winner
Stash O Cash Promotion



Sgt Richard Sewell
October Winner
Stash O Cash Promotion

Stash O Cash 2015 HIGHLIGHTS



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PARLIAMENTARY RULES

Order of Business

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

Suspension of Standing Order

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

Minutes

No motion or discussion shall be allowed on the minutes except in regards to their accuracy. After the confirmation of the minutes, they shall be signed by the Chairman, and the members shall then be at liberty to ask questions in regards to the matters arising out of them. Such questions shall be allowed for the purpose of information only, and no debate on the policy outlined in the minutes shall take place. All speakers are to make use of the microphone when addressing the meeting in order that it be recorded and make permanent record in the meeting proceedings, a point of order, or explanation, except the mover of the original motion. But on an amendment being moved, any member even though he has spoken on an original motion, may speak again on the amendment. No member for more than five minutes at a time. Members wishing to raise point of order or explanation must first obtain the permission of the Chairman and must raise immediately the alleged breach has occurred. Any accredited member shall have the right to speak and vote on all issues coming before the meeting. Persons other than accredited members, so certified, may speak with the permission of the Chair but shall not vote on any issue.

Speeches

No member shall be allowed to speak more than once upon any motion before the meeting, unless one member may formally

second any motion or amendment and reserve his speech until later in the debate. No person shall interrupt another who is speaking except on a point of order, a parliamentary inquiry, or a point of information. If it should come to pass that speaker is called to order while speaking, the Speaker should take his seat until the question of order is determined.

Chairman's Ruling

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

Interruption

If any member interrupts another while addressing the meeting, or uses abusive or profane language or causes disturbance at any of the meetings, and refuses to obey the Chairman when called to order, he shall be named by the Chairman. He shall thereupon be expelled from the room and shall not be allowed to enter again until apology satisfactory to the meeting is given. A question shall not be subject to debate until it has been duly moved and seconded and is stated from the chair.

Motions And Amendments

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

Substantive Motions

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

Right of Reply

The 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.

JDF/27113 Cpl BJORN, Goldson

JDF/28917 Pte WHITE, Horane

JDF/29249 Pte ATKINSON, Davian

JDF/19265 Pte MOORE, Vaughn

JDF/28065 LCpl DOUGLAS, David

JDF/11203 EVANS, Derrick (EX-Soldier)

Miss Cynthia BRUFF

NOTES

[illegible]



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