



**JAMAICA DEFENCE FORCE
CO-OPERATIVE CREDIT UNION LIMITED**



Member Engagement
for **Financial Empowerment**

ANNUAL REPORT 2017



THE JDF CREDIT UNION FAMILY IS STRONG & GROWING



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

WELCOME TO THE FAMILY!



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

The Award-winning
JDF Co-operative Credit Union Ltd.

*Credit Union of the Year
2015*



MISSION STATEMENT

To enhance the financial well-being of our members

Core Values

INTEGRITY • EFFICIENCY • MEMBER-CENTRIC

PROFESSIONALISM • INNOVATION



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THE PRAYER OF *St. Francis of Assisi*

Lord, make me an instrument of Thy peace; Where there is hatred, let me sow love;
Where there is injury, pardon; Where there is error, the truth;
Where there is doubt, the faith; Where there is despair, hope;
Where there is darkness, light; And where there is sadness, joy.
O Divine Master, Grant that I may not so much seek
To be consoled, as to console; To be understood, as to understand;
To be loved as to love. For it is in giving that we receive;
It is in pardoning that we are pardoned; And it is in dying that we are born to eternal life.
Amen.

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 53rd Annual General Meeting
6. Matters Arising
7. Guest Speaker - Dr Andre Haughton
8. Reports:
 - Board of Directors
 - Auditor and Treasurer
 - Credit Committee
 - Supervisory Committee
9. Appointment of Returning Officer
10. Election of Officers
 - Nominating Committee Report
 - Elections to:
 - Board of Directors
 - Supervisory Committee
 - Credit Committee
11. Resolutions
12. Recognitions and Awards
13. Other Business
14. Vote of Thanks
15. Adjournment

Financial HIGHLIGHTS

2.2%
LOAN
PORTFOLIO

4.5%
NET SURPLUS

11%
ASSET BASE

16.8%
CAPITAL BASE



Minutes of the 53rd ANNUAL GENERAL MEETING

Ex-Warrant Officer Class 2 Everton Hay, **Secretary**



Notice of Meeting

Notice is hereby given of the 54th Annual General Meeting of the Jamaica Defence Force Co-operative Credit Union Limited to be held on Wednesday, April 19, 2017 at the Jamaican Military Museum and Library, Up Park Camp, Kingston 5 and beginning at 12:30 pm.

A handwritten signature in black ink, appearing to read 'E. Hay'.

Ex-Warrant Officer Class 2 Everton Hay
Secretary

Minutes of The 53rd Annual General Meeting

Held on Wednesday, 20th of April 2016 at the Jamaican Military Museum and Library, Up Park Camp, Kingston 5.

Call to Order

The Meeting was called to order at 2 p.m. by the President and Chairman Lt Col Radgh Mason, after having ascertained that a quorum was satisfied.

Opening Prayer

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

Notice of Meeting

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

Chairman's Opening Remarks

The Chairman on behalf of the Board of Directors, Volunteers, Management and Staff of the Jamaica Defence Force Co-operative Credit Union Limited welcomed visiting friends and members to the 53rd Annual General Meeting. He extended special welcome to Miss Janeine Facey and Mr. Gihan De Mel from KPMG, Miss Yvonne Bernard, Stenographer, Mr. Osmond Bloomfield from National Security and Employees Co-operative Credit Union, Miss Karen Lyttle from the Department Co-operative and Friendly Societies, Mr. Albert Smith from NUCS, Mr. Owen Lawrence from the Credit Union League, Miss Lavern Gibson-Eccleston from the Department of Friendly Societies, Miss Carlene Barnes from CUFMC and Mr. Damion Whitehorn.

Obituaries

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

JDF/29249 Pte Atkinson, Davian
JDF/28065 Pte Douglas, David
JDF/11203 Pte Evans, Derrick
JDF/27113 Cpl Goldson, Bjorn
JDF/19265 Pte Moore, Vaughn
JDF/28917 Pte White, Horane
Mrs. Cynthia Bruff

Minutes of The 53rd Annual General Meeting

The Minutes of the 52nd Annual General was read by the Chairman, Lt Col Radgh Mason

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 Mr. Garth Beckford. The motion was carried.

Matters Arising From the Minutes

There were no matters arising from the Minutes of the 52nd Annual General Meeting. The motion to take the Minutes as read was moved by Lt Col Martin Rickman and seconded by WO2 Hamroy Roberts. The motion was unanimously carried.

The Board of Directors Report

The Chairman invited the Meeting to turn to the Board of Director's Report which was located on pages 18 and 19 of the Annual Report. He proceeded to give highlights from the Report. He indicated that decisions were made to sensitize members towards savings, grow membership as well as strengthen the Marketing Department. He also gave updates on policies introduced towards improving the synergy between Operations and IT services. He also said that considerable effort was made to strengthen debt collection and review loans and savings packages, in an effort to better prepare for the implementation of the BOJ regulations. He further stated that one of the requirements in the new paradigm pertained to provisioning and management of bad debt.

The Chairman then spoke to the economic environment in which the Credit Union operated including members' shrinking disposable income, fierce competition from banks offering unsecured loans, increase in the cost of living and reducing interest rates. He posited that although the Credit Union did not have the cash resources to compete at the level of some larger institutions, the Credit Union was still the best option for members to save and do business, as the surpluses made by the Credit Union were re-invested in the organization and paid out to members, in contradiction to banks which gave them very little returns on their money.

The Chairman thereafter reported that the Credit Union had achieved its objectives, both in terms of service delivery and targets. He said that this was evidence of good work done. He further informed that work was done to structure and train member service representatives to provide improved service and guidance to the membership and that a staff reclassification was done, which increased the salaries of the staff to within 90% of market rates. The membership bond was also broadened to include relatives which resulted in an increase in membership from this category. This would leverage better economies of scale in the near future.

He further reported that there was a record increase in the savings portfolio and that the Credit Union had achieved the best growth in loans for that category for 2015 and that its operating expense ratio was 6.99%. He then updated the Meeting on some sponsorship initiatives carried out throughout the year. Thereafter, he guided members to note that within the year's Annual Report were also reports from the Human Resources, Governance, Asset and Liabilities Management, IT and the Marketing Committees. He indicated two main challenges facing the Credit Union, namely increasing savings and membership growth. He said that another priority of the Board was to establish a new Credit Union build-

ing, one with modern amenities and the space to serve members well. He highlighted plans for improved technology investment in order to take the Credit Union to the next level of service. In closing, the Chairman thanked the members, staff and volunteers for their commitment displayed during the period under review and encouraged their continued work. He then asked for questions from the Board of Directors' Report. There were none.

The Report was accepted on a motion moved by Col (Ret'd) Oral Khan and seconded by Miss Garcia Williams. The motion was unanimously carried. Col (Ret'd) Oral Khan also rose to commend the Board of Directors and the Management on a very excellent performance.

Independent Auditor's Report

The Auditor's Report was read by Miss Janeine Facey of the Firm KPMG Chartered Accountants. The report was contained in pages 3 to 38 of the booklet.

TREASURER'S REPORT

The Treasurer made reference to the Government's achievement in passing twelve (12) consecutive IMF tests under the Extended Fund Facility. He also said that the country welcomed the increased Foreign Direct Investment primarily in hotel construction and road infrastructure. He also highlighted the continued downwards trend in domestic interest rates and inflation at 6.4% at the end of 2015.

Performance

He said that JDF Credit Union recorded another year of positive growth in most areas with a 28% increase in the loan portfolio, 23% increase in net surplus from \$66.8M to \$82M, 22% increase in assets, 18% in capital base and voluntary shares by 13% over the previous year. He also indicated that all these achievements were made while expenses were kept within 10%.

Way Forward

The Treasurer said that the credit union movement continues to prepare itself for the imminent implementation of the regulatory framework by the Bank of Jamaica (BOJ), which had seen forced mergers of credit unions and that such trend was expected to continued. He indicated that the leadership and management of the credit union was committed to take all the necessary actions and make the correct decisions to ensure that the institution remained viable in order to meet the needs of our members. A motion for the acceptance of the Treasurer's report was moved by Mrs Yvonne Foster and seconded by Miss Barbara Spencer. 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	92,257,214
Net Surplus for the Year	82,413,862
Gross Available for:	
Distribution	174,671,076
Previous Year Commitment	57,024,967
Net Available for:	
Distribution	96,372,943
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	48,955,706

A motion for the distribution of surplus was moved by Mrs. Fay Tomlinson and seconded by Miss Yvette Barnes. The motion was unanimously carried.

Resolution #2

Rule #71 Power to Borrow.

The 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.

A motion for the fixing of the maximum liability was moved by Lt Col (Ret'd) Oral Khan and second by Vivienne Wheatle. The motion was unanimously carried.

CREDIT COMMITTEE REPORT

The Report was presented by Maj Garth Anderson who indicated that the Committee met on April 22, 2015, as required after being elected at the 52nd Annual General Meeting of the Jamaica Defence Force Co operative Credit Union which was April 16, 2015 where he along with Cpl William Gilzene were elected as Chairman and Secretary respectively.

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

Maj Garth Anderson	-	Chairman
Capt Heleda Thompson	-	Member
WO1 Calvin Dryden	-	Member
WO2 Ronald Johnson	-	Member
WO2 Hamroy Roberts	-	Member
Cpl William Gilzene	-	Secretary
Mrs Shakera Marshall-Fender	-	Member

Maj Anderson said that much like 2014, 2015 was also a challenging year for the JDF Credit Union as it was for other credit unions where mergers were being forged to ensure survival. He indicated that unlike other credit unions the JDF Credit Union took the position of a bond extension to include members' extended families and associated organizations.

The Chairman said that the Committee met on an average once per week and reviewed an average of three (03) loans. He said that there was improvement in the efficiency of the Meeting due primarily to the preparations done by the Credit Risk Manager.

He indicated that the majority of loans presented required waivers and as such the Committee submitted a recommendation to the Board of Directors for the debt service ratio to be increased from 60 – 70%, for which a decision has not been taken.

The breakdowns of the loans were as follows:

Unsecured Loan	-	\$463,067.35
Home Improvement	-	\$9,954,405.02
Motor Vehicle	-	\$69,358,563.05
Debt Consolidation	-	\$55,837,724.55
Furniture	-	\$661,816.23
Education	-	\$1,420,490.04
Medical Expenses	-	\$280,798.36
Personal	-	\$3,004,414.88
Help Line	-	\$2,000,000.00

He said the approximately \$143 million in overall loans was a significant increase over the previous year which was important in helping members to satisfy their financial goals

Maj Anderson thanked the members of the Committee for the hard work done throughout the year. He made special mention of Captain Thompson for her guidance and dedication in helping him to carry out his duties. He then expressed 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 this capacity.

A motion for the Credit Committee's Report to be accepted was moved by Mr Chester Bennett and seconded by Maj Oniel Bogle. The motion was unanimously carried.

SUPERVISORY COMMITTEE REPORT

The Report was presented by the Chairman, Maj Maxwell Gordon who indicated that at the Annual General Meeting held April 16, 2015 the following persons were duly elected to serve on the Supervisory Committee for one year:

Maj Maxwell Gordon	-	Chairman
Maj Courtney Dunkley	-	Member
WO2 Steve Wallace	-	Member
SSgt Carlean Sutherland	-	Member
Sgt Courtney Williams	-	Member
Miss Judith Salmon	-	Member
Mrs. Fay Tomlinson	-	Member

He indicated that pursuant to Rule 100(b) the Supervisory Committee carried out examinations of the affairs of the credit union with respect to the following:

- * Bank Reconciliation
- * Cash and Vault Management
- * Management of Securities
- * Management of Investments
- * Infrastructural Integrity
- * Processing of Members Loans
- * Management of accounts
- * Loan delinquency
- * Staff and volunteer loans
- * Inventory of Fixed Assets
- * Staff Operations
- * Preparation for Bank of Jamaica regulations

The Chairman said that it was the view of the Committee that whilst there was room for improving the various policies and processes, the credit union remained capable to cater for the financial needs of the membership. He also indicated that majority of the issues discovered during the period of the audits were addressed and those that were not, remained the focus of monitoring to ensure remedial action. The Chairman said that the Committee remained confident that the systems and procedures as laid out in policy and barring relevant updates were adequate to protect the integrity on the entity.

He indicated that the Committee expressed gratitude to the Board and Staff for facilitating their queries and addressing concerns. He also thanked the members as they continue to repose trust and confidence in the institution.

A motion for the acceptance of the Supervisory Committee report was moved by Miss Marcia Lewis and seconded by Maj Oniel Bogle. The motion was unanimously carried.

Marketing Focus

Ms. Camile Stewart Business Development Officer of the JDF Co-op Credit Union spoke about the importance of saving towards one's goals. She emphasized the fact that saving towards one's goals doesn't require a lot of money to start.

She made mention of the rebranded Dreams Golden Harvest product which offered a return of 6.5% on investments for a minimum of 3 years. She also made reference to the tax free SWYS Plus savings plan which offered an attractive interest rate on investments for a minimum of 5 years.

In closing Ms. Stewart made comparisons with the rates of interest offered by other institutions and said the rates offered by the JDF Credit Union are among the best in the market.

ELECTION OF OFFICERS

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

Board of Directors

The members of the Board of Directors retiring were: Lt Col Radgh Mason, SSgt Leneath Anderson, Capt Kwame Gordon, Mrs Donna Brown. Those not retiring were Maj Michael Anglin, Maj Clifton Lumsden, WO2 Everton Hay and SSgt Andre Shakespeare. Recommended to serve and face the election were Lt Col Radgh Mason, Maj Maxwell Gordon, Capt Kwame Gordon, SSgt Leneath Anderson and Mrs. Donna Brown. There were no nominations from the floor. Elected unopposed to serve for two years were: Lt Col Radgh Mason, Maj Maxwell Gordon, Capt Kwame Gordon, SSgt Leneath Anderson and Mrs. Donna Brown. A motion for the acceptance of nominations for the persons elected to serve on the Board of Directors was moved by Lt Col (Ret'd) Oral Khan and seconded by Mr Michael Blake. The motion was unanimously carried.

Credit Committee

The members of the Credit Committee retiring were: Maj Garth Anderson, Capt Heleda Thompson, WO1 Calvin Dryden, WO2 Ronald Johnson, and Mrs Shakera Marshall-Fender. Those not retiring were: WO2 Hamroy Roberts and Cpl William Gilzene. The Nominating Committee recommended Maj Garth Anderson, Capt. Heleda Thompson, WO1 Calvin Dryden, WO2 Ronald Johnson, and Mrs Shakera Marshall-Fender. They were elected unopposed. The elected members were to serve for two years with the exception of Mrs Shakera Marshall-Fender who will serve for (01) 1 year. A motion for the acceptance of nomination for persons elected to serve on the Credit Committee was moved by Mrs Yvonne Foster and seconded by Miss Vivienne Whittle. The motion was unanimously carried.

Supervisory Committee

The members of the Supervisory Committee retiring were: Maj. Maxwell Gordon, Courtney Dunkley, WO2 Steve Wallace, SSgt Carlean Sutherland, Sgt Courtney Williams, Miss Judith Salmon and Mrs. Fay Tomlinson. The Nominating Committee recommended Maj. Courtney Dunkley, Capt Andres Pierce, WO2 Steve Wallace, SSgt Carlean Sutherland, Sgt Courtney Williams, Miss Judith Salmon and Mrs. Fay Tomlinson. They were elected unopposed to serve for a mandatory one (01) year period. A motion for the acceptance of nomination for persons elected to serve on the Supervisory was moved by Miss Allison Pessoa and seconded by Mr Garth Beckford. The motion was unanimously carried.

Concerns Raised

Lt Col (Ret'd) Oral Khan and two other members raised concerns with respect to the discontinuation of nominations from the floor.

The concerns were addressed by representatives from the the Department of Co-operative and Friendly Societies. They made reference to a rule change that was made at the previous AGM and referenced Article XII Nominating Committee. This rule for the Nominating Committee explained that the Committee had the responsibility to vet persons who are nominated to serve in order to ensure that they meet the fit and proper requirements as stipulated by the Bank of Jamaica. The explanations given were accepted by the members.

Representatives to JCCULL's AGM

The Nominating Committee recommended that the Board of Directors was authorized to nominate delegates and alternate delegates to the League's Annual General Meeting in 2016. 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 JCCULL'S AGM was moved by Mrs Yvonne Foster and seconded by Miss Yvette Barnes. The motion was unanimously carried.

PRESENTATIONS

Mrs Patricia Tomlinson, General Manager indicated the credit union will be honoring two volunteers who have served the credit union well. They have served on the Supervisory Committee for over five years and they are Sergeant Edward Price and Miss Vivienne Mitchell. The General Manager presented the awards and thanked the volunteers for their years of dedicated service.

JDF Credit Union Mobile App

Mr Alvin Reid, Information and Technology Manager made a brief presentation on the Mobile App. He introduced the tag line as "Ease and convenience in the palm of your hands". Mr Reid said that the purpose of the App was to provide accurate and efficient service with the use of mobile phones. He further said that there would be no charge for use of the service and that it was secured.

The Information and Technology Manager said that the App would allow for account transfers, viewing of account balances, viewing of credit products, bill payments, loan calculation and on-line mobile top-ups.

VOTE OF THANKS

The Vote of Thanks was moved by Mrs Janice Blake, Marketing Manager. Mrs Blake said that the Credit Union did well for 2015 and that we all should be proud and join together in marching forward and building wealth. She thanked the President and Board of Directors, Volunteers, Management and Staff of the Credit Union, our valued members, Lt Col Rickman, Lt Col (Ret'd) Khan, Mrs Carol Hunter, Miss Facey and Mr Gihan De-mel our auditors from KPMG, Mr. Bromfield from National Security Credit Union, Owen Lawrence our friend, from JCCUL, Albert Smith also always with us from NUCS, Karen Lyttle and Lavern Gibson-Eccleston from Department of Co-operatives and Friendly Societies, Carleen Barns from CUFMC along with Damian Whitehorn, Peta-Gay Thompson of CUNA, Yvonne Bernard, Stenographer, Capt Stacy Dehaney and the staff of the Jamaican Military Museum and Library, Jamaica Military Band, 1 Engineer Regiment (JDF), Support and Services Battalion. Special thanks also went to Logistics Company especially WO2 Andrew Kerr and his team for the decoration and the Force Catering Centre. Lastly, thanks were sent to Miss Adella Malabre and Bruce Rentals that provided additional cooling for the venue. All of whom contributed greatly to the success of the event.

TERMINATION

With no other business to be discussed, the 53rd Annual General Meeting of the Jamaica Defence Force Co-operative Credit Union Limited was adjourned at 1639 hours/4:39 p. m.

Ex-Warrant Officer Class 2 Everton Hay
Secretary

JDF Co-operative Credit Union Ltd. congratulates JCCUL on its 75th Anniversary milestone



Winston C. Fletcher, **President, JCCUL**

Fellow Co-operators:

I greet you with a firm commitment to play my part as President in continuing the pursuits of the Credit Union Movement, confident in the knowledge that over the past 75 years we have created and maintained a co-operative financial institution of which we are all very proud.

The Jamaica Co-operative Credit Union League, the national association of Credit Unions, was the off-shoot of three Credit Unions, and has since grown to become, like the great oak, protecting other trees in the forest in a storm. The celebration of this milestone is significant. Symbolically, it tells the story of the longevity of the Credit Union Movement, which is an enviable feat!

The League owes its existence to two sets of people, the founders and the keepers. The founders are the pioneers, who though challenged in many ways, refused to give up and worked tirelessly to spread credit unionism throughout Jamaica. Among them was the Patriarch of Credit Unionism in Jamaica, Father John Peter Sullivan and the Sodality Group of Young men from St. Georges College, who guided by him, gave life to the Movement. We salute them in this the 75th anniversary of the League.

The volunteers are the keepers of the League and the Movement. Their role in developing and instituting policies has resulted in the growth and development of the Movement. Without this level of governance, the Movement could not have accomplished its mandate and earned the trust and confidence that over one million members have placed in credit unions. We thank God for the wisdom that he has bestowed on these volunteers, and the volunteers for their distinguished services to the Movement over these years.

Among the keepers are you the members, who for generations



President's MESSAGE

have pooled your resources to help each other, characterizing the co-operative principles of Credit Unions. The commitment that you have demonstrated in your Credit Union is exemplified by your support of the institutions at which you have saved your resources, borrowed, and made future plans for yourself and your families. Your faithfulness in using the services provided by the Movement to improve the quality of your lives is commendable.

Undoubtedly, we are at that point where we must consider the future of the Movement for the next 75 years and beyond. What will it be? No one can accurately predict the future, based on current trends however we think the Movement as a Jamaican institution, is here to stay. Like a living organism, it will undergo some degree of metamorphosis. In the final analysis, we expect it to emerge as a beautiful butterfly, to be admired by all and cherished by members. It requires patience and perseverance, but as with the cocoon, it cannot be rushed, with time the results will be there for all to see.

Let us therefore with vision and purpose, dedicate ourselves to the future development of the Movement, as we embark on the journey of another 75 years. We owe it to our children, and to their children, to bequeath unto them the legacy of a Movement that is more developed and sustainable than that which was bequeathed unto us by our pioneers, more than 75 years ago. Let us endeavor to leave them with a Movement from which they too can benefit financially and socially.

Thank you all for your support and dedication to the ideals of credit unionism, as co-operatively we work to make Credit Unions great co-operative financial institutions, taking their rightful place in the financial services sector and in the lives of our members. God bless you all.

Winston C. Fletcher
President



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Use your **Access Plus® Debit Card** 6 times or more per month for POS purchases, ATM withdrawals/deposits for a chance to win a share of \$750,000. Plus, a chance to be one of 2 lucky winners in December for \$75,000 each.

For more information, contact JCCUL Communications & Advocacy dept. at tel: (876) 926-7767 ext. 1136.

Promotion runs February 2 to December 31, 2017.



Find us on  www.facebook.com/CreditUnionsofJamaica

Your Path to Financial Freedom

BOARD of DIRECTORS





Seated Left - Right:

Major Michael Anglin
-Vice President

Lieutenant Colonel Radgh Mason
-President

Mrs Donna Boland-Brown
-Director

Standing Left - Right:

Major Clifton Lumsden
-Treasurer

Ex-Warrant Officer Class 2 Everton Hay
-Secretary

Staff Sergeant Lenearth Anderson
-Director

Warrant Officer Class 2 Andre Shakespeare
-Assistant Secretary

Captain Kwame Gordon
-Director

Major Maxwell Gordon
-Director

Board of Directors' REPORT

Lieutenant Colonel Radgh Mason, **President**

On behalf of the Board of Directors (BOD) and Committee Members (Supervisory and Credit) of the JDF Co-operative Credit Union Ltd, my mandate as President is to account for the performance and key business processes of the credit union for the year 2016. I also aim to provide an objective overview of the strengths and weaknesses within the context of the environmental factors that would have led to variances between the targets and actual results. I will also share with you some of our strategic plans and targets, to facilitate greater buy in and participation from the membership.

“ The success of the credit union is fundamentally dependent on an all inclusive team approach. ”

Every facet of the organisation must be in sync and bolstered by the effectiveness of the respective elements comprising of, BOD, committees, managers, staff members, and the general membership. We commenced the planning for the year by developing ambitious targets at an annual retreat which is prescribed to stretch our thinking and overall performance. There were initiatives developed upon which we embark to see to the achievement of the objectives. The budget was cast to support the attainment of the strategic initiatives as well as to satisfy the Pearls ratios that stipulate the balance of assets, liabilities, cash flows, expenses, income and other pertinent financial variables.

Environmental Factors

One of the major factors that pervaded the environment and affected key decisions in the past year was the pending Bank of Jamaica (BOJ) Regulations. The regulations have taken pride of place on the agenda of the Credit Union Movement and have affected our decisions on, appropriations, the proportion of unsecured loans, training of staff and volunteers, IT solutions and capital adequacy considerations. The banking institutions have unveiled large unsecured loan products with extended repayment periods. This resulted in some members consolidating their loans and consequently, impacting the overall loan portfolio. The inflation and exchange rates were fairly stable and this was a positive in monitoring the financial projections. Within the credit union movement there

were mergers essentially created larger entities that resulted in greater numbers of members and product delivery potential.

Targets and Results 2016

The targets for 2016 comprised; Assets projected to increase from 1.490 billion to 1.75 billion (actual 1.747 Billion), Operating expenses projected to increase from 6.89% to 10% (actual 6.57%), Membership Growth from 7,977 to 9,477 (actual 8697), Active bond penetration from 52% to 65% (actual 57.6), Loans from 1.298 Billion to 1,420 Billion (actual 1.457) and Savings from 773.48 Million to 1.230 Billion (actual 989.96 Million). We also projected positive improvements in Member Satisfaction. These are largely positive results and we are satisfied that the gaps in the savings and membership targets must be followed up with even greater energy at all levels.

Strategic Initiatives 2016

There were significant initiatives to incentivise savings amongst the membership by increasing the interest rate on deposits to 9%. This caused good results as the membership sought to capitalize on the best rates in the country. The membership is alerted to the fact that the savings rate amongst our members is the lowest in our peer group category and this has a direct effect on the availability of cash to support the loans and other products. We are committed to giving back and creating wealth for our members. There were also initiatives to incentivise the increase of new members within the expanded bonds by creating rewards and this will continue as a priority. Information Technology initiatives were largely focussed on, cost reduction mechanisms, improvements in internal processes, and product knowledge training for staff members. The marketing initiatives focussed on, promoting savings, improving the financial management culture, penetration of untapped groups within our bond, building overall awareness and working on the sponsorship of JDF events. Training initiatives were implemented to improve service quality to internal customers and further educate our volunteers. We sought to realign the organization structure to deal with gaps in the accounts department and marketing to achieve greater member care focus. At the end of 2016 we were clearly among the top performers in our Peer group and the Credit Union movement as a whole. This was recorded in most of the categories of measured.

Our proposed allocation of surpluses, above-market interest rates paid on savings and dividends indicate in the strongest terms the commitment of the leadership to give back and build the wealth of our members. The hallmark of the credit union movement is that the surpluses go to the members and build the capital for continued growth. We believe in this model and encourage you to continue to invest in your Credit Union.

Targets and Projections for 2017

The targets for 2017 comprised; Assets projected to increase from 1.747 billion to 2.04 Billion, Operating Expenses projected to increase from 6.57% to 9%, Membership from 8,697 to 10,000, Active Bond Penetration from

57.6% to 60%, Loans from 1.457 Billion to 1.632 Billion and Savings from 989.96 Million to 1.428 Billion. These targets are crafted to strengthen the business capacity and soundness of the financial position of the credit union.

Strategic Initiatives 2017-2021

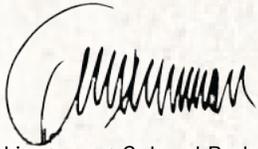
The strategic initiatives for 2017 are founded on the identified gaps to be covered given our financial position and the environmental factors. We are desirous of investing in a new building to position the organisation to serve the increased numbers of members. This will be a part of a larger JDF project scheduled to break ground in 2017. We are projecting to formalize our marketing policy and strategy to grow our membership and generally to improve member education and bond penetration to 80%. Within our peer group the JDF CU Credit Union Ltd has comparatively low membership numbers but the largest loan portfolio. The size of the membership ultimately creates greater potential for growth of the business. We have put plans in place to conduct feasibility studies on the agency banking concept, a further bond extension and forging strategic partnerships, to allow members to access greater services from our Credit Unions. We also aim to explore investments within the companies of the Jamaica Co-operative Credit Union League (JCCUL). The Credit Union Fund management Company (CUFMC) is one such business that continues to do well and we are interested in improving our partnership with the entity. The shared accessibility of services from selected credit union branches will enhance business with ex-service and other members who find it inconvenient to travel to Up Park Camp.

We intend to continue to develop and implement a comprehensive set of IT initiatives in order to increase the number and specific types of transactions online. The mobile money transactions will soon penetrate the sector and we are positioning our policies to take advantage of this. We will invest in enabling platforms that will allow cross credit union transactions, build in controls to reduce the processing time and seek to provide a full service ABM within Up Park Camp. The BOD has mandated the management team to develop and implement Enterprise Wide Risk Management Systems to safeguard the integrity of transactions.

We have sought to establish and implement a system for Policy Development, Lobbying and Engaging with the JCCUL in order to maximise our leverage within the credit union movement. We have projected to continue to review and realign organization structure since there is a recognition that tweaks to the existing work flow and job descriptions are warranted. We will be moving to get the salaries of our members to be remitted directly to the credit union since the residual balances are critical to improving the cash flows along with the projected increase in the savings take up. The rebranding of the credit union will be a fundamental step in shaping the credit union to build our membership portfolio and range of business (product review). The issue of transaction charges prompted our

review to inform and commit that we will maintain the lowest charges and this will be continually monitored going forward.

The team has examined several areas of the credit union and have decided to prioritize on the key areas that will cause the greatest impact. It has been a consultative and research based approach to get to the point where we are ready to continue the movement forward. I am proud of the effort and grateful for the privilege to work with the most dedicated Volunteers, BOD and Committees, who toil for the benefit of the membership. I salute the General Manager and the Staff Members who have worked hard to meet the standards demanded of them. I salute the general Membership for your continued support. I extend condolences to the families of the deceased members who passed in 2016. I thank God for the rich blessings and protection of all of us. Best wishes.



Lieutenant Colonel Radgh Mason
President

Attendance For Regular Board Meetings 2016

Board Members	Possible Meetings	Meetings Attended	Absent with Apology
Lt Col Radgh Mason	12	12	Nil
Maj Michael Anglin	12	12	Nil
Maj Clifton Lumsden	12	12	Nil
Maj Maxwell Gordon	8	1	7
Capt Kwame Gordon	12	5	7
Ex-WO2 Everton Hay	12	12	Nil
WO2 Andre Shakespeare	12	12	Nil
Ssgt Lenearth Anderson	12	12	Nil
Mrs Donna Brown	12	12	Nil
Capt Andres Pierce	4	1	3



NOW AVAILABLE AT YOUR JDFCU

Energy Loan for Residential Purpose



FUNDING BY

**Development Bank
of Jamaica Limited**

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

Available for the financing of residential energy projects, including:

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

Pictures from Home of a Satisfied Member



Pictures from Home of a Satisfied Member

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

Treasurer's REPORT

Major Clifton Lumsden, Treasurer

“A culture aimed at developing good, sustained saving habits, by all members, but especially our younger members must be encouraged and maintained at the earliest possible opportunity.”



Fellow Co-operators:
Greetings and Salutations!

Overview of the Economy

The government of Jamaica successfully completed an Extended Fund Facility arrangement with the IMF in 2016. Currently, a Precautionary Standby Agreement is in place for three years. Essentially, the Jamaican economy is really not in dire need of the associated monies. However, what Jamaica needs is the programme of activities ingrained in these agreements to assist in the process of ensuring sustained financial prudence. The more than adequate level of the NIR provides evidence to support the aforementioned assertion.

Current drives to replace or reduce the dependence on oil, a greater focus to grow the Jamaican economy, a redoubling of efforts to implement strategies within the security forces to treat with the apparent spiraling crime rate and a concerted effort to increase foreign direct investments are positive signs in the Jamaican economy. If we could only find, in Jamaica, creative ways to reduce the cost of the production of electricity, the lives of all Jamaicans would be impacted positively. Nonetheless, initiatives should be implemented to cause the increase use of solar technology, especially to the ordinary Jamaican. As a matter of fact, the Jamaican economy has shown marginal signs of growth in 2016 of approximately 1.4%. Notably, inflation rate for 2016 ended at 2.1% compared to 3.7% for 2015 and Local Interest Rates continue to hover between 5.00% and 6.65% for 30 day and 180 day Treasury Bill instruments, respectively, over the year.

Performance

For the period just ended 31 December 2016, I am extremely pleased, as Treasurer, to report that our JDF CU Ltd. has recorded another year of positive growth. Our Credit Union realized a surplus over the 2016 financial year. This achievement was again hinged on a very aggressive and ambitious set of Strategic Ob-

jectives and Major Performance Targets, coupled with constant monitoring and positive responses to treat with changing market conditions and trends. Our stakeholders, chief amongst them you our invaluable members, demonstrated unwavering fidelity and understanding in the achievement of this success.

Our 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 at 9% per annum.

Financial Highlights

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

* Asset base

As at 31 December 2016 the JDF CU asset base stood at \$1,757,005,000 an increase of 11% over the corresponding period last year.

The Loan Portfolio now stands at \$1,447,151,000 which accounts for 82% of Total Assets and increased by 2.2% over 2015.

* Capital

The accumulated Institutional Capital set aside from the annual appropriation of funds retained as regulatory reserves experienced a 16.82% growth over 2015, and therefore as at 31 December 2016 stood at \$540,849,000.

* Liabilities

The JDF CU 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 \$618,356,000 or 36% increase over 2015.

Additionally, members' Voluntary Shares increased and now stands at \$356,444,000 or 6% above 2015.

* Income and Expenditure Account

Our Credit Union realized a surplus of \$87,200,000 in 2016 compared to \$83,400,000 in 2015. This increase represents an increase of 4.5% over the previous period. The surplus was realized from gross income of \$219,899,000 which was \$37,467,000 more than the \$182,432,000 achieved in 2015.

See Income, Expenses and Profits chart on page 22

* Loan Interest Income

Sustained scrutiny and analysis of the marketplace resulted in our Credit Union remaining competitive. This portfolio increased by 21% or \$36,962,000 over 2015.

* Interest earned on Investment

The Credit Union recorded an increase in the interest earned on investments during the period under review. The amount earned in 2016 was \$6,726,000 compared to \$6,220,551 earned in 2015. The increase resulted from prudent and consistent decision making of the investment portfolio in the financial sector.

* Operating Expenses

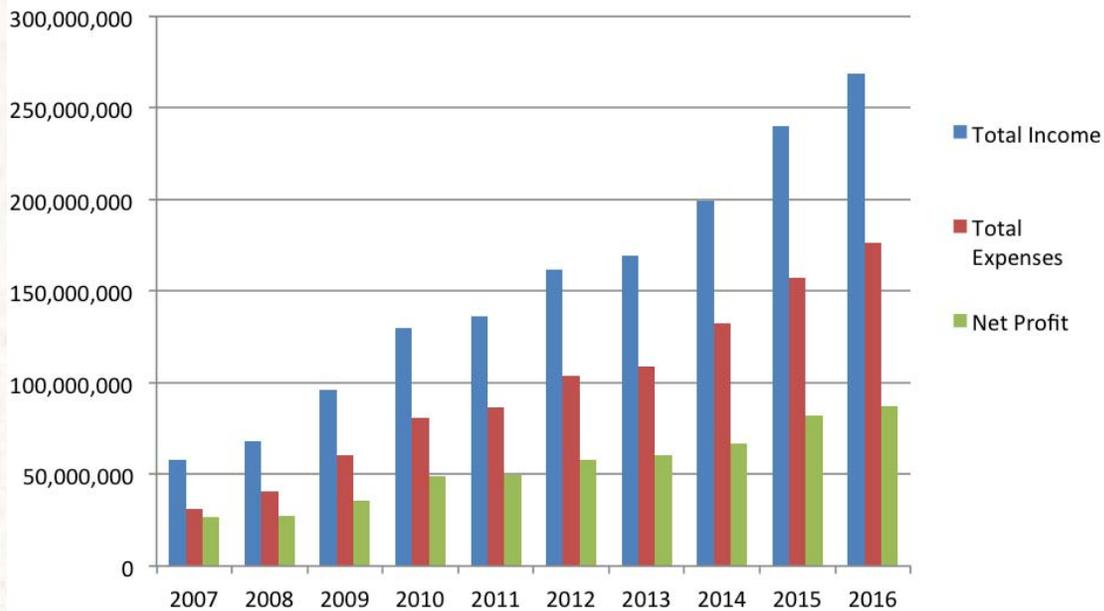
Total Operating Expenses increased from \$95,234,330 to \$105,667,000 or 11% over the corresponding period last year. Please note that administrative expenditures and emoluments accounts for 60.9% of our total Operating Expenses. In fact, there was a 15% increase in emoluments and staff costs which was 8,565,000 above 2015.

Table 1 below is a simplified version of our Income and Expenditure Statement for the periods ended December 2016 compared to December 2015.

Table 1

2016	Income	2015	Change over 2015	% Change over 2015
213,173,000	Interest on loans	176,211,000	36,962,000	21%
6,726,000	Interest on Investments	6,220,551	505,449	8%
48,926,000	Non-Interest Income	57,485,000	(8,559,000)	-15%
2016	Expenditure	2015	Change over 2015	% Change over 2015
66,158,000	Personnel	57,593,000	8,565,000	15%
26,270,000	General Overheads	25,718,000	552,000	2%
70,503,000	Interest Expense	49,383,000	21,120,000	43%
13,239,000	Affiliation & Representation	11,923,000	1,316,000	11%

Income, Expenses & Profits



The Way Forward

The JDF Credit Union and indeed the entire Movement continues to prepare for the imminent implementation of the Bank of Jamaica Regulation. Over the period under review, the number of Credit Unions was further reduced from thirty-four (34) to thirty-two (32). Cost reduction and cost management will be our buzzwords and a primary focus of our Credit Union. We will continue our efforts to improve efficiencies and effectiveness while reducing cost to you, our members. The projected strategies will enable increased capital base as we strive to build resources to better serve you, cushion unforeseen shocks and prepare for new regulations. PEARLS Ratios require Credit Unions to maintain, at minimum, capital base at 8%. We will endeavour to grow that base to 10% in the short to medium term.

A culture aimed at developing good, sustained saving habits, by all members, but especially our younger members must be encouraged and maintained at the earliest possible opportunity. 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. Strategies and targets designed to recruit new and appropriate members in accordance with the provisions of our extended Bond will be implemented in 2017 to perpetuate the growth and development agenda. The management, staff and volunteers stands ready and committed to partner with you, in assisting members and potential ones to realize this extremely critical saving culture change and capital base growth strategy.

As Treasurer, I remain convinced that this JDF CU niche market

possesses great and untapped potential, plus we look forward, with great anticipation to the reported increase in the establishment of the JDF. Let us collectively continue to “March Forward Building Savings & Wealth” as we aim to cross the Two Billion Dollar threshold in 2017. Please continue to be assured that the JDF CU is a safe haven where members, can all feel confident and satisfied that it is the institution of choice for growth and financial development through every stage of their lives, that is, from the cradle to the grave.

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 JDF CU strategic objectives and targets which resulted in the more than commendable performance for the year just ended 31 December 2016 could not have been realized.

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

Sincerest Regards,

Major Clifton C. Lumsden, JP
Treasurer

RESOLUTIONS

Resolution # 1

Proposal for the Appropriation of Surplus

Undistributed Surplus	115,248,562
Net Surplus for the Year before honoraria and other payments	<u>87,229,000</u>
	202,477,562
Other comprehensive income	<u>2,913,000</u>
Gross Available for Distribution	205,390,562
Previous Year Commitment	<u>66,292,856</u>
Net Available for Distribution	<u><u>139,097,706</u></u>

Distribution

Dividend Permanent Shares (30%)	4,434,538
Permanent Shares Allocation from surplus	3,728,000
Statutory Reserve	17,444,169
Additional Statutory Reserve	4,361,450
Honoraria Payment	2,500,000
Treasure Chest Scholarship	1,500,000
IT Enhancement	2,000,000
Disaster Relief Fund	1,000,000
Business Continuity Fund	5,000,000
BOJ Licensing Fee	5,000,000
Other Reserve	<u>4,708,000</u>
Total Distribution	<u><u>51,676,157</u></u>
	<hr/>
Undistributed Surplus	<u><u>87,421,549</u></u>

Resolution # 2

Article 11 - MEMBERSHIP

Rule # 7 Qualification for Membership

WHERE AS Rule # 7 states qualification for membership within the credit union is limited to:

- a. Members of the Jamaica Defence Force.
- b. Civilian employees of the Jamaica Defence Force.
- c. Employees of the Jamaica Defence Force Co-operative Credit Union Limited.

- d. Members or employees of service and ex-service affiliate organizations to the Jamaica Defence Force.
- e. Adult members of the Jamaica Combined Cadet Force (JCCF).
- f. 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

AND WHERE AS the credit union wishes to increase the number of members qualified to be part of this noble institution

BE IT RESOLVED THAT Rule # 7 be expanded to include

"Persons in Institutions and Communities where JDF Bases are located"

Resolution # 3

Article II – Membership

WHERE AS Rule # 10 (m) states

Agreement to subscribe to a minimum of five hundred dollars (\$500.00) in ordinary shares and two thousand dollars (\$2,000.00) in permanent shares, or such amount 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;

AND WHERE AS the Board of Directors wishes to increase the permanent share amount to members by way of appropriation of surplus

BE IT RESOLVED THAT Rule # 10 (m) be revised to read

Agreement to subscribe to a minimum of five hundred dollars (\$500.00) in ordinary shares and two thousand five hundred dollars (\$2,500.00) in permanent shares, or such amount 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

Resolution # 4

Article V11 - Board of Directors

Rule # 51 - Tenure and Service

WHERE AS Rule # 51 states each member shall hold office until the conclusion of the meeting at which his successor is elected, unless he:

- a. demits office earlier, or
- b. has been expelled
- c. become delinquent in his obligation to the Credit Union at which time he shall be deemed to have vacated his seat.

AND WHERE AS Rule # 51 (b) does not fully express the circumstances under which a Director or other Volunteers can be expelled

BE IT RESOLVED THAT Rule # 51(b) be revised to read

has been expelled on the basis that the Volunteer has failed to satisfy any of the criteria detailed in Rule # 2 (k) – Fit and Proper

Resolution # 5

Article X11 - ELECTIONS

Rule # 119 – Nominating Committee

WHERE AS Rule # 119 states Not less than eighty (80) days prior to the Annual General Meeting the Nominating Committee shall meet and:

- a) Advertise among the membership in writing at least seventy-five (75) days before the Annual 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.
- b) Interview and recommend one (1) member for each vacancy.
- c) File the nominations with the Secretary of the Credit Union at least sixty (60) days before the Annual General Meeting

AND WHERE AS the time allotment of eighty (80) days before AGM is considered too long

AND WHERE AS Rule # 119 (a) the amount of twenty five (25) members to sign the petition is considered onerous

BE IT RESOLVED THAT Rule # 119 be revised to read

Not less than sixty (60) days prior to the Annual General Meeting the Nominating Committee shall meet

And

Rule 119 (a) be restated to read

- 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 **fifteen (15) members**. The committee may use electronic mail to notify members who have opted to receive notices or statements electronically.

Resolution # 6

WHERE AS Rule # 125 states

A member seeking nomination to hold office shall be disqualified if he:

- a. fails to satisfy the Registrar and/or the Supervisor that he is a fit and proper person to perform corporate management functions.
- b. has a dormant or inactive account for six (6) months and over.
- c. is a new member within the new six (6) month period of application for member who is delinquent at the time of the Nominating Committee's deliberations shall not be nominated for any vacancy of the Board, Credit and Supervisory Committees.

AND WHERE AS Rule # 125 (c) is ambiguous and needs clarity

BE IT RESOLVED THAT Rule # 125 (c) be revised to read

A Member cannot qualify for nomination for election as a volunteer if he is delinquent within a one year period prior to the AGM

Resolution # 7

WHERE AS Rule # 129 states

If sufficient nominations are made by the nominating committee or by petition to provide at least as many nominees as positions to be filled, the election will not be conducted by ballot and the returning officer shall declare each nominee elected by general consent or acclamation at the annual meeting.

AND WHERE AS Rule # 129 does not fully detail the process of nomination by petition and the authority of the nominating committee

BE IT RESOLVED THAT Rule # 129 be revised to read

Prior to the expiration of the nomination period indicated by the Nominating Committee all nominations for new Volunteers must be done by petition. Subsequent to this nomination period the nominating committee can recommend nominees to serve if there are insufficient nominees to fill all vacancies.

If sufficient nominations are made by the nominating committee or by petition to provide as many nominees as positions to be filled, the election will not be conducted by ballot and the returning officer shall declare each nominee elected by general consent or acclamation at the annual meeting.

Resolution # 8

Rule 143 – Power to Borrow

Proposal for the Fixing of Maximum Liability up to December 2017

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

ZOOM 2016

AGM 2016 Highlights



Members Appreciation Day- Movie Night Out



Financial Talks



Treasure Chest Scholarship Awards 2016



ZOOM 2016

Credit Union of the Year Award Celebration



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:

Capt Kwame Gordon	-	Chairman/Board (Director)
Ms. Allison Pessoa	-	Risk & Compliance Officer
Maj Clifton C Lumsden	-	Board (Treasurer)
Ex-WO2 Everton Hay	-	Board (Secretary)
Mrs. Patricia Tomlinson	-	General Manager
Mr. Alvin Reid	-	IT Manager

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 2016:

Credit Union's Business Plan

A business plan is an effective way of defining the goals of a business and the steps needed to reach them. It spells out the purposes, vision and means of operation for the business. In this regard the Governance Committee was mandated by the Board to oversee the development of a business plan for the Credit Union. The preparation of this plan has been outsourced and upon receipt it will be used as a guide in achieving the vision and goals of the Credit Union

Succession Planning

Succession Planning is a fundamental practice that all well governed organizations should establish and maintain. The programme for this has now been fully implemented at the Credit Union with regard to the following areas :

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

This programme having been implemented by the Governance Committee is now subject to oversight by the Human Resources and Management Committee.

Policies and Procedures

The Policies and Procedures listed below were completed and approved by the Board of Directors during 2016 sittings of the Board.

- * Internal Control Policy
- * Member Service Standards Policy
- * Credit Policy
- * Authorization Policy
- * Tablet Policy
- * Liquidity Management

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 programme has now been fully implemented and workshops have been held with the managers of the Credit Union. The relevant Risk Registers were done and are the subject of further reviews. 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.

Information Technology Committee Report



Information Technology is no doubt a powerful enabler to business transactions and the dissemination of information remotely. The management and planning of IT initiatives is fundamentally important since the information is required for management decisions. Our deliberations and planning for IT improvements takes into account, the safety and soundness of the IT hardware and software, the relevance of the software to the internal business processes and ultimately the needs and expectations of the membership.

Initiatives Implemented for 2016

For the year 2016 there were several initiatives aimed at improving the education of the staff, and the internal processing of documents and transactions. These include: Product Screen Savers for each desktop to improve knowledge of the products, Electronic Document Processing, Automatic Loan Approval System, Paperless Leave Application, Produce financials through system, Processes to eliminate cheque printing, Front Desk Management System, SWYS and Partner Plan Savings application, Fixed Deposit Processing system, Cheque Processing system Members pre-interview security loan form and a Delinquency Journal Processing application.

Initiatives designed for the membership interface with the credit union include: Membership Application through the system, Automatic online e-banking transfers, Credit Union Personal Banking App, Fixed Deposit Maturity notification email that informs members on when their investments are maturing, Online Banking Email Notification emailing to members on transactions done on their accounts and the Online Quick Cash Top-up system that allows members to process quick cash top-ups online.

Projected Initiatives for 2017 and Beyond

The team discussed the implementation of an IT enabled points system with a view to rewarding and providing incentives for members who transact regular business with the Credit Union. We are seeking to realize *efficient service delivery* by facilitating new membership application online, and an automatic email system for transactions completed. We aim to facilitate a Wide Range of Transactions Online by way of, online chat for general queries, Bank to Member Account Transactions,

the use of credit cards to pay on accounts, transactions facilitated by using debit card swipe technology and the Implementation of Kiosks to cause remote transactions to be done. We aim to invest in an effective treasury & financial management by generating all financial reports through the core system, adding BOJ reports and implementing the use of other accounting modules. There is need for the ability to Identify member needs and as such we will be exploring the implementation of a data mining facility, a pre-approved loan system and a facility to acquire member feedback online. Ultimately the IT objectives a fundamentally based on, security in an environment of increasing online fraud, security of the data through multiple layers of backup protocols and modern hardware solutions and software that facilitate efficient business processes for the staff and members. We continue to build out the ability to interface with other credit unions and make effective our service to you. I thank the IT staff in particular and all that contribute to the improvements necessary to move us forward. Best regards.

Lieutenant Colonel Radgh Mason
Chairman of the IT Steering Committee

Marketing Committee Report

The Marketing Committee convened six (6) meetings for the year 2016. The purpose of the Committee is to provide oversight and support to the Marketing Department in carrying out its initiatives. The Committee was chaired by SSgt Lenearth Anderson, Director (Board), Mrs. Donna Boland-Brown – Director (Board), WO2 Andre Shakespeare, Assistant Secretary (Board), the General Manager, the Marketing Manager and her team.

Pursuant to the 2016 strategic plan of the Credit Union, the Committee sought to make decisions towards fulfilling the following:

- * Growth in Savings
- * New Bond Thrust
- * Increase in Personal Selling & Advertising
- * Sponsorship & Corporate Citizenship

Growth in Savings: Using a combination of new products and a savings promotion dubbed after the newly launched DREAMS Golden Harvest Savings Plan, members were asked to save towards a goal for a period of 3 years, earn a very attractive interest plus have a chance to win up to \$300,000 in a single draw. The Travel Savings Club product was also launched which allowed persons to save their travel allowance cheque conveniently at attractive rates.

The Marketing Team also continued their savings education campaign within the community and several financial talk sessions were done within the Units. Through these engagements members were encouraged on a path of setting

goals and using suitable savings products of the Credit Union in achieving them. These initiatives resulted in a steady growth in savings throughout the year.

New Bond Thrust: With the Credit Union extending its bond to include relatives of members and employees in organizations associated with the JDF, the Marketing Team used a number of initiatives to expand its reach to persons outside of the JDF. Direct mail was sent out to several companies including Ministry of Finance & Planning and Edna Manley College of Visual Arts, inviting their employees to become members of our Credit Union. Cash incentives were given to members who signed up their relatives for membership. Radio advertising was also used to take the message to the new bond. Although the membership growth from the new bond was slower than expected, the team continued to report steady progress.

Personal Selling & Advertising: The JDF Credit Union employed a Business Development Officer to carry the message about of the Credit Union's products and services directly to members and help with financial planning. A billboard was installed at the Coast Guard base and at the bus stop beside Cotton Tree Gate, with a view to bringing awareness to persons, especially in the new bond. Communication with members continued through text messaging and what's app platforms. Interactions with the Credit Union on Facebook and YouTube also grew throughout the year.

Sponsorship: Once again, the Credit Union provided financial support to the several events and activities within the JDF community. It was a major sponsor for JDF Force Boxing Competition and 3 JR Bookmania, lent support to the Children Christmas Treat as well as other Unit activities and events. Its flagship Treasure Chest Scholarship Programme also gave out bursaries to the tune of \$1.6M at its 2016 Awards Function, where over 33 jubilant young awardees.

The Marketing Committee continues to make plans with members at the centre of all we do. We encourage members to remain active in the Credit Union and give continuous feedback on our service, using the many formal and informal channels. The Committee is also urging members to realize their dreams with the Jamaica Defence Force Credit Union while you continue on the path of Marching forward... building wealth.



Human Resource Committee Report

The Human Resource Committee for 2016 comprised Major Michael Anglin, Major Courtney Dunkley, Mrs Donna Brown, Mrs Patricia Tomlinson and Miss Tahnee Taylor and was required to make recommendation to the Board of Directors on matters affecting the staff.

The Committee was instrumental in assessing the revised operational structure, particularly as it relates to the processing of loans and member service functions; the review of remuneration for staff via a market survey in order to have a fair compensation rate for the affected staff; the revision of human resource policies including the safety, health, leave and grievance. This was done to better allow for the coverage of staff and the delivery of quality service to our members. New staff was also recruited and staff development training embarked on as part of renewed efforts to bring about a better job-fit within the Credit Union.

The Human Resource Committee continues to look at various ways to improve the staff deliverables through the development of the human resource by way of training and on-the-job experience. Improvement in the working environment and the upgrading of equipment are being undertaken to assist with the required delivery of service.

Thanks to the committee members for their sacrifice, diligence and co-operation, especially at short notice, and I wish the next committee continued success with the improvement of the human resource capital, as we "march forward to build wealth".

Major Michel Anglin
Chairman

ALM Committee Report

General Overview

The oversight responsibilities for the Asset and Liabilities Management of the JDF Credit Union continued in 2016. Over the review period, the Committee maintained the established monitoring mechanism necessary to optimize the net operational surplus of the entity. Asset and liability strategies, investment portfolio management objectives, exposure limits as well as all investments activities of the JDFCCU were reviewed. The ALM Committee conducted frequent environmental scans to determine current and emerging rates of interest and through the Use of Funds tool, ensured that the entity was not exposed to liquidity risks which could negatively impact the JDFCCU operation.

I am very happy to report that work will commence soon on the re-establishment of the Credit Union's Business Continuity Centre (BCC).

The ALM Committee is comprised as follows:

Major Clifton C. Lumsden	– Chairman
Mrs. Donna Brown	– Board (Director)
SSgt Leneath Anderson	– Board (Director)
Mrs. Patricia Tomlinson	– General Manager
Mrs. Marva McGregor	– Credit Risk Manager
Mr. Howard Powell	– Recording Secretary

2016 Initiatives and Results

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:

- * Continuous review of interest rates within the market compared to offerings at the JDFCCU for savings and loans
- * Review fee structure for JDFCCU services
- * DREAMS Promotion initiative
- * Continuous performance review against major targets
- * Recommendation for amendments to different loans products
- * Approval for container renovation for the JDFCCU Business Continuity Centre

Way Forward

In the coming year, the ALM Committee will continue its critical obligation to ensure that the protection of the Assets, Investments, Liabilities of the JDF CU, ensuring optimal interest rate and risk ratios to ensure the best return for the JDFCCU Assets and Investments.

The imminent regulatory oversight of Credit Union by the BOJ, will necessitate proper preparation, closer and more vigorous monitoring.

Review and strengthening of the policies that guide the actions of the Committee is ongoing and will continue in 2017 as we strive to encourage our members to save and build wealth.

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
Treasurer



JAMAICA DEFENCE FORCE
CO-OPERATIVE CREDIT UNION LTD

DREAMS

SAVINGS PROMOTION

WIN UP TO
\$150,000.00

1ST PRIZE: \$150K

2ND PRIZE: \$100K

3RD PRIZE: \$50K

PROMOTION BEGINS

JULY 29, 2016

CONDITIONS APPLY



info@jdcrcreditunion.com

www.jdcrcreditunion.com

[facebook.com/jdcrcreditunion](https://www.facebook.com/jdcrcreditunion)

JDC - Co-operative Credit Union Ltd
Up Park Camp, Kingston 5
Telephone (876)926-6121 Extn 6036
or 926-3870 or Mobile - 419-9279



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

**2 MUSGRAVE AVENUE
KINGSTON 10**

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

E-mail: dcfs@cwjamaica.com

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

**S1
R 297/-78/03//17**

March 24, 2017

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, 2016.

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**

LE/kd

**c. The Secretary
Jamaica Co-operative Credit Union League**

JAMAICA DEFENCE FORCE CO-OPERATIVE
CREDIT UNION LIMITED
FINANCIAL STATEMENTS
DECEMBER 31, 2016



KPMG
Chartered Accountants
P.O. Box 76
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jamaica Defence Force Co-operative Credit Union Limited ("Co-operative") set out on pages 4 to 41, which comprise the statement of financial position as at December 31, 2016, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Co-operative as at December 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Co-operative Societies Act.

Basis for Opinion

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

R. Tarun Handa
Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford
Nigel R. Chambers

W. Gihan C. de Mel
Nyssa A. Johnson
Wilbert A. Spence
Rochelle N. Stephenson

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.



INDEPENDENT AUDITORS' REPORT (CONT'D)

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

Report on the Audit of the Financial Statements (cont'd)

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



INDEPENDENT AUDITORS' REPORT (CONT'D)

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

Report on the Audit of the Financial Statements (cont'd)

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

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

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

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

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

Chartered Accountants
Kingston, Jamaica

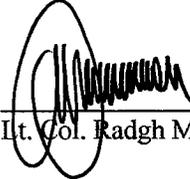
March 18, 2017

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

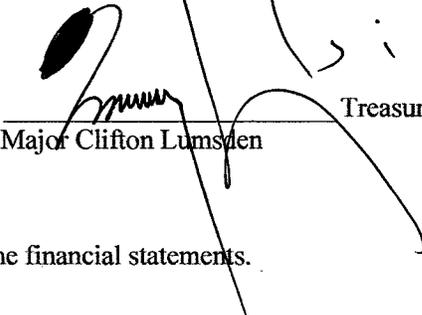
Statement of Financial Position
December 31, 2016

	<u>Notes</u>	<u>2016</u> \$'000	<u>2015</u> \$'000
ASSETS			
Earning assets:			
Loans, after provision for loan losses	3	1,447,151	1,415,385
Liquid assets	4	209,957	84,072
Financial investments	5	<u>53,897</u>	<u>51,998</u>
Total earning assets		<u>1,711,005</u>	<u>1,551,455</u>
Non-earning assets:			
Liquid assets	6	9,924	4,594
Other assets	7	6,881	6,767
Employee benefits	8	15,761	11,053
Property, plant and equipment	9	<u>13,434</u>	<u>14,925</u>
Total non-earning assets		<u>46,000</u>	<u>37,339</u>
TOTAL ASSETS		<u>1,757,005</u>	<u>1,588,794</u>
LIABILITIES			
Interest bearing:			
Savings deposits	10	618,356	453,537
Members' voluntary shares	11	356,444	335,388
External credits	12	<u>187,180</u>	<u>289,881</u>
		1,161,980	1,078,806
Non-interest bearing:			
Accounts payable and accruals	13	<u>54,176</u>	<u>47,019</u>
TOTAL LIABILITIES		<u>1,216,156</u>	<u>1,125,825</u>
EQUITY			
Members' permanent shares	14	15,368	14,292
Non-institutional capital	15	187,018	145,962
Institutional capital	16	204,932	187,466
Undistributed surplus		<u>133,531</u>	<u>115,249</u>
TOTAL EQUITY		<u>540,849</u>	<u>462,969</u>
TOTAL LIABILITIES AND EQUITY		<u>1,757,005</u>	<u>1,588,794</u>

The financial statements, on pages 4 to 41, were approved for issue by the Board of Directors on March 18, 2017 and signed on its behalf by:



 Lt. Col. Radgh Mason President



 Major Clifton Lumsden Treasurer

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, 2016

	<u>Notes</u>	<u>2016</u> \$'000	<u>2015</u> \$'000
Interest income:			
Loans to members		213,173	176,211
Investments and deposits		<u>6,726</u>	<u>6,221</u>
		<u>219,899</u>	<u>182,432</u>
Interest expense:			
Members' deposits		27,875	17,317
Members' voluntary shares		14,072	9,465
Other financial costs		<u>28,556</u>	<u>22,601</u>
		<u>70,503</u>	<u>49,383</u>
Net interest income		<u>149,396</u>	<u>133,049</u>
Less: provision for loan losses	3(b)	(1,226)	(1,449)
direct loan write-offs	3	<u>(4,200)</u>	<u>(10,377)</u>
		<u>(5,426)</u>	<u>(11,826)</u>
		<u>143,970</u>	<u>121,223</u>
Non-interest income:			
Fees		47,128	53,892
Miscellaneous		<u>1,798</u>	<u>3,593</u>
		<u>48,926</u>	<u>57,485</u>
Gross margin		192,896	178,708
Less: operating expenses	17	<u>(105,667)</u>	<u>(95,234)</u>
Surplus for the year before honoraria and other payments		87,229	83,474*
Honoraria fees		(1,969)	(1,969)
Scholarship fund		(1,000)	(1,000)
IT Enhancement Fund		(7,000)	(3,500)
Disaster relief fund		<u>(1,000)</u>	<u>(1,000)</u>
Surplus for the year after honoraria fees and other payments		<u>76,260</u>	<u>76,005*</u>
Other comprehensive income:			
Re-measurement of employee benefit asset	8(b)	2,913	(1,810)
Fair value reserve		<u>556</u>	<u>750</u>
Other comprehensive income for the year		<u>3,469</u>	<u>(1,060)</u>
Total comprehensive income for year		<u>79,729</u>	<u>74,945</u>

* Restated [see note 2(e)]

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, 2016

	Members' permanent shares \$'000 (note 14)	Non- institutional capital \$'000 (note 15)	Institutional capital \$'000 (note 16)	Undistributed surplus \$'000	Total \$'000
Balance at December 31, 2014	<u>13,494</u>	<u>114,844</u>	<u>170,742</u>	<u>92,258</u>	<u>391,338</u>
Total comprehensive income:					
Surplus for the year	-	-	-	76,005	76,005
Re-measurement of employee benefit asset	-	-	-	(1,810)	(1,810)
Change in fair value of investments	<u>-</u>	<u>750</u>	<u>-</u>	<u>-</u>	<u>750</u>
	<u>-</u>	<u>750</u>	<u>-</u>	<u>74,195</u>	<u>74,945</u>
Transactions with members, recorded directly in equity; contributions by and distributions to members and others					
Transfer to unsecured loan reserve	-	30,000	-	(30,000)	-
Transfer to statutory reserve	-	-	16,695	(16,695)	-
Transfer to employee benefit reserve	-	610	-	(610)	-
Share subscription and withdrawal	798	-	-	-	798
Dividends	-	-	-	(3,899)	(3,899)
Share transfer	-	(242)	-	-	(242)
Entrance fees	<u>-</u>	<u>-</u>	<u>29</u>	<u>-</u>	<u>29</u>
	<u>798</u>	<u>30,368</u>	<u>16,724</u>	<u>(51,204)</u>	<u>(3,314)</u>
Balance at December 31, 2015	<u>14,292</u>	<u>145,962</u>	<u>187,466</u>	<u>115,249</u>	<u>462,969</u>
Total comprehensive income:					
Surplus for the year	-	-	-	76,260	76,260
Re-measurement of employee benefit asset	-	-	-	2,913	2,913
Change in fair value of investments	<u>-</u>	<u>556</u>	<u>-</u>	<u>-</u>	<u>556</u>
	<u>-</u>	<u>556</u>	<u>-</u>	<u>79,173</u>	<u>79,729</u>
Transactions with members, recorded directly in equity; contributions by and distributions to members and others					
Transfer to business continuity fund [note 15]	-	5,000	-	(5,000)	-
Transfer to unsecured loan reserve	-	30,000	-	(30,000)	-
Transfer to loan loss reserve [note 3(b)]	-	720	-	(720)	-
Transfer to statutory reserve	-	-	17,444	(17,444)	-
Transfer to employee benefit reserve	-	4,708	-	(4,708)	-
Share subscription and withdrawal	1,076	-	-	-	1,076
Dividends	-	-	-	(3,019)	(3,019)
Share transfer	-	72	-	-	72
Entrance fees	<u>-</u>	<u>-</u>	<u>22</u>	<u>-</u>	<u>22</u>
	<u>1,076</u>	<u>40,500</u>	<u>17,466</u>	<u>(60,891)</u>	<u>(1,849)</u>
Balance at December 31, 2016	<u>15,368</u>	<u>187,018</u>	<u>204,932</u>	<u>133,531</u>	<u>540,849</u>

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, 2016

	<u>Notes</u>	<u>2016</u> \$'000	<u>2015</u> \$'000
Cash flows from operating activities:			
Surplus for the year		76,260	76,005
Adjustments to reconcile net surplus for year to cash flows provided by operating activities:			
Interest income		(219,899)	(182,432)
Interest expense		70,503	49,383
Depreciation	9	2,391	2,722
Employee benefit asset		(1,795)	(2,420)
Provision for loan losses	3(b)	1,226	1,449
Gain on sale of property, plant and equipment		-	(6)
		(71,314)	(55,299)
Interest received		220,269	182,296
Interest paid		(70,503)	(49,382)
Loans to members, net		(32,992)	(314,717)
Other assets		(484)	1,236
Accounts payable and accruals		<u>7,157</u>	<u>11,540</u>
Net cash used by operating activities		<u>52,133</u>	<u>(224,326)</u>
Cash flows from investing activities:			
Purchase of property, plant and equipment	9	(900)	(1,639)
Proceeds from disposal of property, plant and equipment		-	16
Investments less unrealised gains		(1,341)	(2,756)
Net cash used by investing activities		(2,241)	(4,379)
Cash flows from financing activities:			
External credits, net		(102,701)	90,621
Savings deposits		164,819	72,062
Entrance fees		22	29
Dividends		(3,019)	(3,899)
Members' permanent and voluntary shares, net		<u>22,202</u>	<u>37,967</u>
Net cash provided by financing activities		<u>81,323</u>	<u>196,780</u>
Net increase/(decrease) in cash and cash equivalents		131,215	(31,923)
Cash and cash equivalents at beginning of year		<u>88,666</u>	<u>120,589</u>
Cash and cash equivalents at end of year		<u>219,881</u>	<u>88,666</u>
Comprised of:			
Liquid assets - earning	4	209,957	84,072
Liquid assets - non-earning	6	<u>9,924</u>	<u>4,594</u>
		<u>219,881</u>	<u>88,666</u>

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, 2016

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 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, 2016, the Co-operative employed 26 persons (2015: 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 are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Co-operative Societies Act.

New and amended standards that became effective during the year:

The following new and amended standards came into effect during the current financial year.

- 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, 2016

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

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

New and amended standards that became effective during the year (cont'd):

- 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.
- 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'.

The adoption of the above standards did not affect the amounts and disclosures in 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, 2016

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

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

New and amended standards in issue but not yet effective:

Certain new and amended standards have been issued which are not yet effective for the current year and which the Co-operative has not early-adopted. The Co-operative has assessed the relevance of all such new standards, amendments with respect to its operations and has determined that the following may have an effect on the financial statements when they become effective.

- IAS 19, *Employee Benefits*, effective for annual reporting periods beginning on or after January 1, 2019 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 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 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.

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, 2016

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

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

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

• IFRS 15, *Revenue From Contracts With Customers*, (cont'd)

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.

- 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.

- Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

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

(b) Basis of measurement:

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

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, 2016

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

(c) Functional and presentation currency:

The financial statements are presented in Jamaica dollars, which is the functional currency of the Co-operative. All financial information presented in Jamaica dollar have been rounded to the nearest thousands.

(d) Use of estimates and judgements:

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

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

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

(i) Allowance for loan losses:

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

(ii) Defined benefit plan:

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

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

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Notes to the Financial Statements (Continued)
Year ended December 31, 2016

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

(e) Prior year restatement:

Where necessary, comparative information is restated to conform with the presentation adopted in the current year.

In the prior years payment of honoraria fees and contributions to scholarship fund, IT enhancement fund and disaster fund were included in the statement of changes in equity. Based on their nature, these amounts should be recognised in the statement of profit or loss and other comprehensive income. This was reflected as a prior year adjustment and had the effect of reducing surplus for the year ended December 31, 2015 as follows:

	<u>\$'000</u>
Surplus for the year:	
As previously stated	83,474
Prior year adjustment	<u>(7,469)</u>
As restated	<u>76,005</u>

The above, had no effect on the undistributed surplus.

There was no effect on the statement of financial position and the only effect on the statement of cash flows for the year ended December 31, 2015 was the restatement of comparatives for surplus for the year by \$7,469,000.

(f) 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 will flow to the Co-operative and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss.

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Notes to the Financial Statements (Continued)
Year ended December 31, 2016

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

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

(iii) Depreciation:

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

Furniture and fixtures	-	10% per annum
Computers	-	20% per annum
Equipment	-	20% per annum
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.

(g) 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 at 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 measured at cost. Where the securities are disposed of, or impaired, the related accumulated unrealised gains or losses are recognised in profit or loss. Equity securities are considered impaired when there is a prolonged or significant decline in fair value below the securities costs. Investments are recognised/derecognised on the day they are transferred to/from the Co-operative.

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Notes to the Financial Statements (Continued)
Year ended December 31, 2016

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

(g) Investments (cont'd):

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

(h) Resale agreements:

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

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

(i) 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.

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Notes to the Financial Statements (Continued)
Year ended December 31, 2016

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

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

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

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.

(j) Other assets:

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

(k) Other payables and accruals:

Other payables and accruals are measured at amortised cost.

(l) External credits:

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

(m) Impairment:

The carrying amounts of the Co-operative’s assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(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.

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Notes to the Financial Statements (Continued)
Year ended December 31, 2016

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

(m) Impairment (cont'd):

(ii) Reversals of impairment:

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

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

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

(n) Interest, fee and dividend income:

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

Fee income is recognised when the related service is provided.

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

(o) Foreign currencies:

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

(p) Employee benefits:

Employee benefits are all forms of consideration given by the Co-operative in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, 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.

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Notes to the Financial Statements (Continued)
Year ended December 31, 2016

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

(p) Employee benefits (cont'd):

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

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

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

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

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

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

(q) League fees and stabilisation dues:

JCCUL has determined the rate of calculating league fees at 0.20% (2015: 0.20%) of total assets. Stabilisation dues are computed at a rate of 0.15% (2015: 0.15%) of total savings.

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Notes to the Financial Statements (Continued)

Year ended December 31, 2016

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

(r) Related parties:

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

(a) A person or close member of that person’s family is related to the Co-operative if that person:

- (i) has control or joint control over the Co-operative;
- (ii) has significant influence over the Co-operative; or
- (iii) is a member of the key management personnel of the Co-operative.

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

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

- (i) The entity and Co-operative are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (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.

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Notes to the Financial Statements (Continued)
Year ended December 31, 2016

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

(s) 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.

3. Loans to members

	<u>2016</u> \$'000	<u>2015</u> \$'000
Balance at start of year	1,415,385	1,102,118
Loans granted	<u>967,486</u>	<u>1,105,155</u>
	2,382,871	2,207,273
Less repayments and write-offs*	(925,599)	(782,993)
	1,457,272	1,424,280
Less: Provision for loan losses	(10,121)	(8,895)
	<u>1,447,151</u>	<u>1,415,385</u>

*Direct write-offs during the year amounted to \$4,200,000 (2015: \$10,377,000).

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Notes to the Financial Statements (Continued)
 Year ended December 31, 2016

3. Loans to members (cont'd)

(a) Delinquent loans:

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

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

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

<u>Period overdue</u>	<u>Loans in arrears</u>		<u>Savings held</u>	<u>Exposure</u>	<u>Rate of provision</u>	<u>Loan loss provision required</u>
	Number	\$'000	\$'000	\$'000	(%)	\$'000
< 2 months	4	1,560	18	1,542	-	-
2 – 3 months	5	4,051	46	4,005	10	405
3 – 6 months	9	7,818	92	7,726	30	2,346
6 – 12 months	12	5,422	39	5,382	60	3,253
> 12 months	<u>14</u>	<u>935</u>	<u>30</u>	<u>904</u>	100	<u>935</u>
	<u>44</u>	<u>19,786</u>	<u>225</u>	<u>19,559</u>		<u>6,939</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

(b) Allowance for loan losses:

Allowance for loan losses determined during the year under the requirements of IFRS amounted to \$10,120,000. The movement is as follows:

	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Balance at start of year	8,894	7,445
Movement during the year recognised in profit or loss	<u>1,226</u>	<u>1,449</u>
Balance at end of year	<u>10,120</u>	<u>8,894</u>

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Notes to the Financial Statements (Continued)
Year ended December 31, 2016

3. Loans to members (cont'd)

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

Allowances made are in accordance with JCCUL provisioning requirements:

	<u>2016</u> \$'000	<u>2015</u> \$'000
Specific provision (IFRS)	10,120	8,894
General provision	<u>720</u>	<u>-</u>
Balance carried forward	<u>10,840</u>	<u>8,894</u>

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

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

	<u>2016</u> \$'000	<u>2015</u> \$'000
Within 1-3 months	6,678	5,547
From 3 months to 1 year	39,446	39,286
From 1 year to 5 years	951,739	895,907
Over 5 years	<u>449,288</u>	<u>474,645</u>
	<u>1,447,151</u>	<u>1,415,385</u>

4. Earning assets – liquid assets

	<u>2016</u> \$'000	<u>2015</u> \$'000
Jamaica Money Market Brokers Limited		
– Resale agreement (i)	28,263	26,644
JCCUL – Resale agreement (i)	27,808	26,293
JCCUL – CUCASH	<u>153,886</u>	<u>31,135</u>
	<u>209,957</u>	<u>84,072</u>

- (i) The fair value of securities held under resale agreements 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, 2016

5. Financial investments

	2016				
	Remaining to maturity				
	Within 1 year \$'000	1 to 5 years \$'000	No fixed maturity date \$'000	Total non-current \$'000	Carrying value \$'000
<u>Loans and receivables (at cost)</u>					
Deposits - JCCUL – CUETS	-	7,364	-	7,364	7,364
Deposits - JCCUL – CU PREMIUM	10,060	-	-	-	10,060
Deposits - JCCUL – Mortgage fund	-	11,848	-	11,848	11,848
Deposits - Victoria Mutual Building Society Mortgage fund	-	<u>2,302</u>	-	<u>2,302</u>	<u>2,302</u>
	<u>10,060</u>	<u>21,514</u>	-	<u>21,514</u>	<u>31,574</u>
<u>Available-for-sale</u>					
At cost:					
JCCUL – permanent shares	-	-	2,008	2,008	2,008
JCCUL – unlisted shares	-	-	837	837	837
Credit Union Fund Management Company	-	-	1,500	1,500	1,500
Quality Network Co-operative – shares	-	-	<u>227</u>	<u>227</u>	<u>227</u>
	-	-	<u>4,572</u>	<u>4,572</u>	<u>4,572</u>
At fair value:					
JMMB Investment					
Giltedge Fund – Units	-	-	1,989	1,989	1,989
Barita Money Market Fund – Units	-	-	<u>15,762</u>	<u>15,762</u>	<u>15,762</u>
	-	-	<u>17,751</u>	<u>17,751</u>	<u>17,751</u>
Total	<u>10,060</u>	<u>21,514</u>	<u>22,323</u>	<u>43,837</u>	<u>53,897</u>
	2015				
	Remaining to maturity				
	Within 1 year \$'000	1 to 5 years \$'000	No fixed maturity date \$'000	Total non-current \$'000	Carrying value \$'000
<u>Loans and receivables (at cost)</u>					
Deposits - JCCUL – CUETS	-	7,206	-	7,206	7,206
Deposits - JCCUL – CU PREMIUM	9,506	-	-	-	9,500
Deposits - JCCUL – Mortgage fund	-	11,383	-	11,383	11,383
Deposits - Victoria Mutual Building Society Mortgage fund	-	<u>2,145</u>	-	<u>2,145</u>	<u>2,145</u>
	<u>9,506</u>	<u>20,734</u>	-	<u>20,734</u>	<u>30,234</u>

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Notes to the Financial Statements (Continued)

Year ended December 31, 2016

5. Financial investments (cont'd)

	2015				Carrying value \$'000
	Remaining to maturity				
	Within 1 year \$'000	1 to 5 years \$'000	No fixed maturity date \$'000	Total non-current \$'000	
Loans and receivables b/fwd	9,506	20,734	-	20,734	30,234
<u>Available-for-sale</u>					
At cost:					
JCCUL – permanent shares	-	-	2,008	2,008	2,008
JCCUL – unlisted shares	-	-	2,336	2,336	2,336
Quality Network Co-operative – shares	-	-	227	227	227
	-	-	4,571	4,571	4,571
At fair value:					
JMMB Investment					
Giltedge Fund – Units	-	-	1,801	1,801	1,801
Barita Money					
Market Fund – Units	-	-	15,392	15,392	15,392
	-	-	17,193	17,193	17,193
Total	\$9,506	20,734	21,764	42,498	51,998

6. Non-earning assets – liquid assets

	2016 \$'000	2015 \$'000
Cash in hand	2,646	3,220
Bank account balance	7,278	1,374
	9,924	4,594

7. Non-earning assets – other

	2016 \$'000	2015 \$'000
Withholding tax recoverable	2,435	2,443
Interest receivable	463	883
Other receivable	3,290	2,880
Prepaid expenses	693	561
	6,881	6,767

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Notes to the Financial Statements (Continued)
Year ended December 31, 2016

8. Employee benefits

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

(a) Employee benefit asset:

	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Present value of funded obligations	(38,401)	(27,715)
Fair value of plan assets	<u>54,162</u>	<u>38,768</u>
Asset recognised	<u>15,761</u>	<u>11,053</u>

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

	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Balance at beginning of year	11,053	10,443
Employer's contributions paid	3,063	2,765
Pension expense recognised in profit or loss	(1,268)	(345)
Re-measurement gain/(loss) recognised in other comprehensive income	<u>2,913</u>	<u>(1,810)</u>
Balance at end of year	<u>15,761</u>	<u>11,053</u>

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

	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Balance at beginning of year	(27,715)	(19,462)
Benefit paid	-	720
Current service and interest costs	<u>(6,692)</u>	<u>(5,142)</u>
	<u>(34,407)</u>	<u>(23,884)</u>
Actuarial re-measurement loss arising from:		
- experience adjustments	(1,432)	(5)
- changes in financial assumptions	<u>(2,562)</u>	<u>(3,826)</u>
	<u>(3,994)</u>	<u>(3,831)</u>
	<u>(38,401)</u>	<u>(27,715)</u>

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Notes to the Financial Statements (Continued)
Year ended December 31, 2016

8. Employee benefits (cont'd)

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

	<u>2016</u> \$'000	<u>2015</u> \$'000
Balance at beginning of year	38,768	29,905
Contributions paid	5,220	4,717
Interest income on plan assets	3,517	3,031
Benefit paid	-	(720)
Administrative expense	(252)	(186)
Re-measurement gain	<u>6,909</u>	<u>2,021</u>
	<u>54,162</u>	<u>38,768</u>

(e) Plan assets consist of the following:

	<u>2016</u> \$'000	<u>2015</u> \$'000
J\$ Debentures	25,172	18,830
Resale agreements	6,428	6,833
Investment properties	8,177	4,892
US\$ Debentures	3,913	2,248
Certificates of deposit	4,525	3,381
Quoted equities	4,259	2,324
Real estate investment trust fund	489	375
Corporate bonds	-	50
Unit trust	749	-
Net current assets/(liabilities)	<u>450</u>	<u>(165)</u>
	<u>54,162</u>	<u>38,768</u>

(f) Amounts recognised in profit or loss:

	<u>2016</u> \$'000	<u>2015</u> \$'000
Current service cost	2,086	1,283
Interest cost on obligation	2,447	1,907
Administrative expense	252	186
Interest income on plan assets	<u>(3,517)</u>	<u>(3,031)</u>
	<u>1,268</u>	<u>345</u>

(g) Amounts recognised in other comprehensive income:

	<u>2016</u> \$'000	<u>2015</u> \$'000
Re-measurement loss on obligation	3,996	3,831
Re-measurement gain on plan assets	<u>(6,909)</u>	<u>(2,021)</u>
	<u>(2,913)</u>	<u>1,810</u>

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8. Employee benefits (cont'd)

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

	<u>2016</u>	<u>2015</u>
Discount rate	9.0%	8.5%
Salary increases	7.0%	6.0%
Price inflation	6.0%	5.0%
Pension increases	<u>3.0%</u>	<u>2.5%</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>2016</u>		<u>2015</u>	
	1%	1%	1%	1%
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	\$'000	\$'000	\$'000	\$'000
Discount rate	(8,168)	11,291	(5,954)	8,327
Future salary increases	6,306	(5,213)	4,711	(3,870)
Future pension increases	<u>3,813</u>	<u>(3,131)</u>	<u>2,768</u>	<u>(2,237)</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 \$870,000 (2015: \$610,000).

(k) Liability duration:

	<u>2016</u>	<u>2015</u>
Active members and all participants	<u>26.3 years</u>	<u>26.5 years</u>

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9. Property, plant and equipment

	Furniture and fixtures	Computers	Equipment	Container	Leasehold improvement	Generator	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:							
December 31, 2014	3,404	3,050	5,225	7,026	8,328	2,432	29,465
Additions	63	1,006	317	-	218	35	1,639
Disposals	-	-	(43)	-	-	-	(43)
December 31, 2015	3,467	4,056	5,499	7,026	8,546	2,467	31,061
Additions	48	297	377	-	178	-	900
December 31, 2016	<u>3,515</u>	<u>4,353</u>	<u>5,876</u>	<u>7,026</u>	<u>8,724</u>	<u>2,467</u>	<u>31,961</u>
Depreciation:							
December 31, 2014	2,564	2,541	3,072	2,781	2,412	76	13,446
Charge for the year	156	217	857	695	421	376	2,722
Disposals	-	-	(32)	-	-	-	(32)
December 31, 2015	2,720	2,758	3,897	3,476	2,833	452	16,136
Charge for the year	155	271	625	677	416	247	2,391
December 31, 2016	<u>2,875</u>	<u>3,029</u>	<u>4,522</u>	<u>4,153</u>	<u>3,249</u>	<u>699</u>	<u>18,527</u>
Net book value:							
December 31, 2016	<u>640</u>	<u>1,324</u>	<u>1,354</u>	<u>2,873</u>	<u>5,475</u>	<u>1,768</u>	<u>13,434</u>
December 31, 2015	<u>747</u>	<u>1,298</u>	<u>1,601</u>	<u>3,550</u>	<u>5,714</u>	<u>2,015</u>	<u>14,925</u>

10. Savings deposits

	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Term deposits	100,266	68,081
SHYDA deposits	297,349	214,679
Regular deposits	103,821	84,269
Partner plan	22,215	14,752
SWYS Plus	76,933	57,714
Christmas special	1,965	1,222
Golden harvest	<u>15,807</u>	<u>12,820</u>
	<u>618,356</u>	<u>453,537</u>

11. Members' voluntary shares

	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Balance at beginning of the year	335,388	297,978
Add new deposits	<u>485,334</u>	<u>298,777</u>
	820,722	596,755
Less withdrawals and transfers	<u>(464,278)</u>	<u>(261,367)</u>
	<u>356,444</u>	<u>335,388</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>2016</u>	<u>2015</u>
	\$'000	\$'000
JCCUL – Mortgage loan (i)	7,619	8,494
JCCUL – Liquidity support loan (ii)	89,686	104,362
JCCUL – Line of credit (iii)	79,837	110,144
Other (iv)	<u>10,038</u>	<u>66,881</u>
	<u>187,180</u>	<u>289,881</u>

- (i) This represents four loans granted by JCCUL to the Co-operative and bears interest at 7% per annum. The loans are on-lent by the Co-operative to its members and bears interest at 12% per annum. The repayment terms are based on the tenure of the mortgage contracts.
- (ii) This represents the balance on five loans with original amounts aggregating \$150 million granted to the Co-operative by 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.

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12. External credits (cont'd)

- (iv) This represents loans from various Jamaica Defence Force entities and related parties, which are not members of the Co-operative. These loans bear interest at between 5% and 11% per annum, depending on the deposit amount, and are repayable within 12-15 months.

13. Accounts payable and accruals

	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
IT enhancements	5,076	1,043
Withholding tax	552	409
Audit fees	1,181	1,290
Other payables and accruals	35,235	33,080
Unclaimed deposits	7,157	7,162
Standing order	2,697	2,265
Online ATM payable	1,511	712
Scholarship fund	<u>767</u>	<u>1,058</u>
	<u>54,176</u>	<u>47,019</u>

14. Members' permanent shares

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

15. Non-institutional capital

	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Building reserve	5,000	-
General reserve	1,807	1,874
Employee benefit reserve	15,761	11,053
Loan loss reserve	720	-
Unsecured loans reserve	160,000	130,000
Investment reserve	3,730	3,173
Nominee reserve	<u>-</u>	<u>(138)</u>
	<u>187,018</u>	<u>145,962</u>

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15. Non-institutional capital (cont'd)

Building reserve:

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

General reserve:

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

Employee benefit reserve:

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

Unsecured loans reserve:

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

Investment reserve:

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

16. Institutional capital

	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Statutory reserve	170,511	153,067
Capital reserve	<u>34,078</u>	<u>34,078</u>
	204,589	187,145
Entrance fees	<u>343</u>	<u>321</u>
	<u>204,932</u>	<u>187,466</u>

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

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16. Institutional capital (cont'd)

Statutory reserve:

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

Capital reserve:

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

17. Operating expenses

	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Staff costs:		
Salaries, allowance and contributions	58,717	51,566
Staff benefits	5,430	4,778
Staff training	743	904
Pension [note 8(f)]	<u>1,268</u>	<u>345</u>
	<u>66,158</u>	<u>57,593</u>
General overheads:		
Administrative expenses	250	73
Audit fees	1,560	1,500
Depreciation	2,391	2,722
Electricity	2,188	1,951
Insurance premiums	5,473	5,179
Marketing expenses	5,299	5,119
Office expenses	3,973	3,706
Professional and accounting fees	741	1,210
Printing, stationery and office supplies	2,211	2,736
Repairs and maintenance	456	197
Travel and subsistence	811	414
Telephone, cable, postage and telegram	<u>917</u>	<u>911</u>
	<u>26,270</u>	<u>25,718</u>
Affiliation and representation:		
League fees and dues	5,248	5,223
League Annual General Meeting	1,106	1,681
Board and Committee Meetings	4,164	2,630
Annual General Meeting	<u>2,721</u>	<u>2,389</u>
	<u>13,239</u>	<u>11,923</u>
Total operating expenses	<u>105,667</u>	<u>95,234</u>

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18. Staff and volunteers' loans and deposits

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

	<u>2016</u>		
	<u>Number</u>	<u>Loans</u> \$'000	<u>Shares and</u> <u>deposits</u> \$'000
Staff	17	35,300	5,594
Key management personnel	9	39,140	6,411
Volunteers	17	56,615	13,108
Staff's children and spouse	28	6,517	1,573
Volunteers' children and spouse	<u>28</u>	<u>387</u>	<u>691</u>
		<u>2015</u>	
	<u>Number</u>	<u>Loans</u> \$'000	<u>Shares and</u> <u>deposits</u> \$'000
Staff	18	33,145	4,822
Key management personnel	9	38,310	5,582
Volunteers	22	56,874	10,730
Staff's children and spouse	28	5,871	1,380
Volunteers' children and spouse	<u>27</u>	<u>447</u>	<u>600</u>

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

19. Related parties

(i) Identity of related parties:

The Co-operative has a related party relationship with its directors and key management personnel and the pension scheme. Related party balances are disclosed in note 18.

(ii) Key management personnel compensation is as follows:

	<u>2016</u> \$'000	<u>2015</u> \$'000
Short-term employee benefits (included in note 17)	<u>16,318</u>	<u>12,607</u>

20. Insurance

The Co-operative maintained life, savings and loan protection insurance coverage during the year. Premiums of \$158,000 (2015: \$158,000) for fidelity insurance coverage was paid during the year.

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21. Comparison of ledger balances

	Members' <u>Savings deposits</u> \$'000	<u>Loans, gross</u> \$'000	Members' <u>Voluntary shares</u> \$'000
General ledger	618,356	1,457,272	356,444
Members' ledger	<u>618,356</u>	<u>1,457,272</u>	<u>356,444</u>
Differences as at December 31, 2016	<u>-</u>	<u>-</u>	<u>-</u>

22. Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument.

Fair value hierarchy

IFRS specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: discounted cash flow techniques using a discount rate from observable market data, i.e. average of several brokers/dealers market indicative yields in active markets for identical assets or liabilities;
- Level 3: valuation techniques using significant unobservable inputs.

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

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

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

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22. Fair values (cont'd)

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

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

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

23. Financial risk management

(a) Introduction and overview

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

- credit risk
- liquidity risk
- market risk

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

(b) Credit risk

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

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23. Financial risk management (cont'd)

(b) Credit risk (cont'd)

(i) Loans to members and guarantees

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

Collateral

The Co-operative holds collateral against loans to members in the form of mortgages over properties, lien over motor vehicles, other registered securities over assets and hypothecation of shares held in the Co-operative and guarantees.

Estimates of fair values are based on value of collateral assessed at the time of borrowing and are generally not updated except when a loan is individually assessed as impaired. Collateral is not generally held against deposits and investment securities, except when the securities are held as part of resale agreements. An estimate made at the time of borrowing of the fair value of collateral held against financial assets as at the reporting date was \$857,814,000 (2015: \$869,954,000).

Impaired loans

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

Past due but not impaired loans

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

23. Financial risk management (cont'd)

(b) Credit risk (cont'd)

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

Loans with renegotiated terms

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

Allowance for impairment

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

Write-off policy

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

(ii) Deposits and investment securities

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

(iii) Exposure to credit risk

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

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

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23. Financial risk management (cont'd)

(c) Liquidity risk

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

The Co-operative is subject to a liquidity limit imposed by the League and compliance is regularly monitored. The key measure used by the Co-operative for managing liquidity risk is the ratio of liquid assets, minus short-term liabilities, to total savings deposits. For this purpose, liquid assets include cash and bank balances, deposits held with JCCUL and highly liquid investments which are readily converted into cash within three months. The liquid asset ratio at the end of the year was 25% (2015: 9%).

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.

	2016			
	Within 1 <u>Month</u> \$'000	3 to 12 <u>months</u> \$'000	1 – 5 <u>years</u> \$'000	Carrying <u>amount</u> \$'000
Savings deposits	135,847	233,893	248,616	618,356
Members' voluntary shares	225,889	-	130,555	356,444
External credits	-	-	187,180	187,180
Accounts payable and accruals	<u>54,176</u>	<u>-</u>	<u>-</u>	<u>54,176</u>
	<u>415,912</u>	<u>233,893</u>	<u>566,351</u>	<u>1,216,156</u>
	2015			
	Within 1 <u>Month</u> \$'000	3 to 12 <u>months</u> \$'000	1 – 5 <u>years</u> \$'000	Carrying <u>amount</u> \$'000
Savings deposits	-	238,858	214,679	453,537
Members' voluntary shares	331,837	-	3,551	335,388
External credits	-	66,680	223,201	289,881
Accounts payable and accruals	<u>47,019</u>	<u>-</u>	<u>-</u>	<u>47,019</u>
	<u>378,856</u>	<u>305,538</u>	<u>441,431</u>	<u>1,125,825</u>

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Year ended December 31, 2016

23. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

Members' voluntary shares can be withdrawn at the option of the members, unless they are held as security for loans and guarantees and will therefore affect the liquidity position of the Co-operative. These have no contractual maturity. Although the members' voluntary shares have no fixed maturity, the experience of the Co-operative over the years is that the withdrawal of the shares on a monthly basis is not likely to have any significant impact on the cash flows of the Co-operative.

The amounts included in the analysis for savings deposits, external credits and accounts payable and accruals are based on management's estimate of expected cash flows on these instruments as determined by retention history. These may vary significantly from actual cash flows which are generally expected to maintain a stable or increasing balance.

(d) Market risk

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

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

(i) Currency risk

Currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Co-operative is not significantly exposed to foreign currency risk as it does not have significant balances that are denominated in currencies other than the Jamaica dollar.

(ii) Interest rate risk

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

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, 2016

23. Financial risk management (cont'd)

(d) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Interest rate risk is managed by holding primarily fixed rate financial instruments. Liquid assets are held for the short-term and, accordingly, would substantially reflect prevailing interest rates in the financial markets. Interest on members' voluntary shares, savings deposits, external credits, loans to members, liquid assets and financial instruments is at a fixed rate of interest which is fairly stable. Accordingly, there is no significant exposure to interest rate risk.

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

	<u>2016</u> \$'000	<u>2015</u> \$'000
Fixed rate financial assets:		
Loans to members	1,447,151	1,415,385
Liquid assets	209,957	84,072
Financial investments	<u>31,574</u>	<u>30,234</u>
	<u>1,688,682</u>	<u>1,529,691</u>
	<u>2016</u> \$'000	<u>2015</u> \$'000
Fixed rate financial liabilities:		
Savings deposit	618,356	453,537
Members' voluntary shares	356,444	335,388
External credits	<u>187,180</u>	<u>289,881</u>
	<u>1,161,980</u>	<u>1,078,806</u>

Sensitivity analysis

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

(e) Capital management

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

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

Notes to the Financial Statements (Continued)
Year ended December 31, 2016

23. Financial risk management (cont'd)

(e) Capital management (cont'd)

The Co-operative is required by the League to maintain its institutional capital at a minimum of 8% of total assets. At the reporting date, this ratio was 10.67% (2015: 10.74%) which is in compliance with the requirements.

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



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Financial Counsellor today
about an investment option
that can help you get there



JDF Co-operative Credit Union Ltd.
Up Park Camp, Kingston 5.
Telephone (876)926-8121 Extn 6036 or 926-3870
Mobile: 419-9229 or 822-0134 (CUG)

MANAGEMENT TEAM



Tahnee Taylor
HR & Admin Manager

Karlene Pitter-Cooper
Internal Auditor

Patricia Tomlinson
General Manager



Marsha McGowan
Operations Manager

Marva McGregor
Credit Risk Manager

MANAGEMENT TEAM *Cont'd*



Allison Pessoa
Risk & Compliance Officer



Alvin Reid
IT Manager



Janice Blake
Marketing & Communications
Manager



Howard Powell
Finance Manager

ACCOUNTS DEPT.



Georgia Cornwall
-Accounting Officer

Howard Powell
-Finance Manager

Devon Fray
-Accounting Officer



CREDIT RISK DEPT.

Jason Stewart
-Credit Risk Officer

Marva McGregor
-Credit Risk Manager

Clarine Bogle
*-Collateral &
Delinquency
Officer*

HR & ADMIN DEPT.



Patricia Tomlinson
-General Manager

Sonia Clarke
-Office Attendant

Tahnee Taylor
*-HR & Admin
Manager*

Frances Collie
*-HR & Admin
Assistant*

AUDIT & RISK & COMPLIANCE

MARKETING DEPT.



Karlene Pitter-Cooper
-Internal Auditor

Allison Pessoa
*-Risk and
Compliance
Officer*

Janice Blake
*-Marketing and
Communications
Manager*

Rochelle Fearon
*-Business
Development
Officer*

INFORMATION TECHNOLOGY DEPT.



Garth Beckford
IT Support Officer

Alvin Reid
IT Manager

OPERATIONS DEPT.



Standing Left - Right:

Charlene Smith
-Member Service Officer

Kirlew Duncan
-Teller

Tricia Laylor
-Member Service Officer

Tabinna Leighton
-Teller

Camille Minott
-Member Service Officer

Monique Russell
-Teller

Rodraine Gibson
-Member Service Officer

Seated Left - Right:

Marsha Morris-Barthley
-Senior Teller

Shackeria Williams
-Teller

Marsha McGowan
-Operations Manager

Melissa Brown-Morgan
-Member Service Officer

Marsha Segree-Boothe
-Member Service Supervisor

PLAN COVERS

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

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

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

Temporary total disability
(fractured limb) etc.

Accidental Medical Expense Reimbursement

JCIA



Jamaica Co-operatives Insurance Agency Ltd.

MEMBERS PERSONAL ACCIDENT INSURANCE PLAN

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

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

MEMBERS LIFE INSURANCE PLAN

MAIN BENEFITS

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



ADDITIONAL BENEFITS

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

Underwritten by Sagicor Life Jamaica Ltd. Sagicor Life 

Covering the Co-operative Movement of Jamaica

Call - (876) 929-5360 / (876) 968-6719 (or your credit union) | www.jcial.com

Credit Committee REPORT

The Committee met on Friday 29 April 2016, as required after being returned for the second year of its 2 year term, where I was elected as Chairman, and Cpl GILZENE elected as Secretary and Mrs Marshall Fender as Assistant Secretary. This was done within the specified time after the Annual General Meeting of the Jamaica Defence Force Co-operative Credit Union held on 20th April 2016,

2016 like 2015 proved to be a challenging year for the Jamaica Defence Force Co-operative Credit Union like any other financial institution. With credit unions now being put under closer supervision by the Bank of Jamaica, new policies had to be written and implemented to ensure that our organization comply with new banking standards. These new standards although high, are being met and allows both the committee and the organization to operate in a more transparent manner.

There were also a number of new initiatives which the Credit Union embarked on for the fiscal year in order to improve member saving, stability of loan instruments and the strengthening of our asset base.

Loan Description	2015/16	2016/17
Unsecured	\$463,067.35	\$6,868,889.89
Home Improvement	\$9,954,405.02	\$12,431,649.41
Motor Vehicle	\$69,358,563.05	\$66,204,395.10
Debt Consolidation	\$55,837,724.55	\$63,109,635.12
Furniture/Household Items	\$661,816.23	\$1,140,997.64
Educational Expenses	\$1,420,490.04	\$500,000.00
Medical Expenses	\$280,798.36	\$0.00
Personal	\$3,004,414.88	\$18,638,006.35
Help Line	\$2,000,000.00	\$0.00
Total	\$142,981,279.48	\$168,893,573.51

Fig 1.1

During the year under consideration the Committee observed that there was an increase in the number of loan applications that required the Committees' approval. Most of the applications were presented to the Committee for waivers to be granted.

Above Fig 1.1 shows a breakdown of loans seen and approved by the Credit Committee during the 2 comparative periods:

The \$168 million shows an overall increase in value of the loan applications when compared with \$142 million for the previous year. The increase in total loans taken by members showed that they continue to exercise confidence in the institution's ability to improve their financial standing. However, it remains a difficult task for the credit union to continue to remain competitive with the banks and other financial institution.

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

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

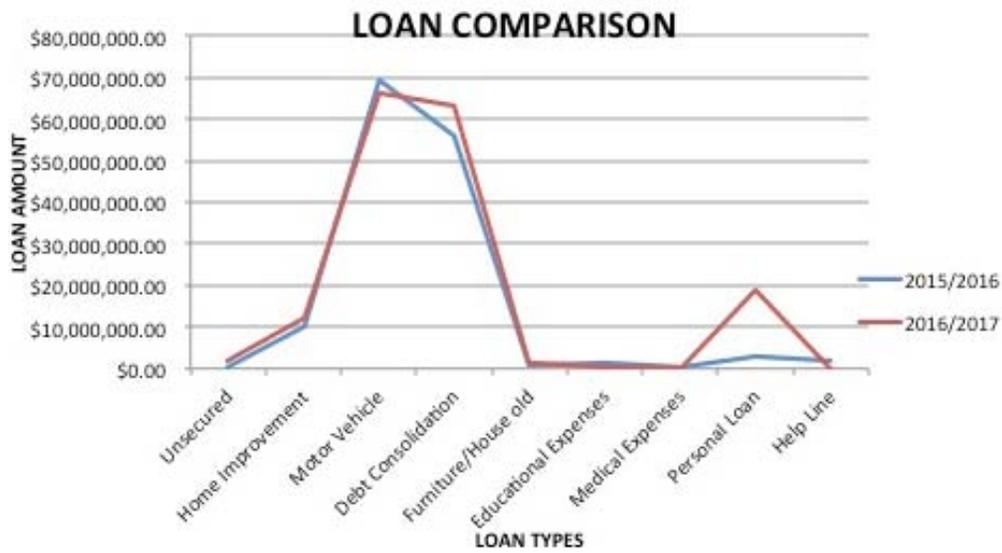
Special thanks to my Committee for your dedication and hard work, throughout the year and for your commitment in ensuring that our members' needs were met in a timely and professional manner.

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



Major Garth Anderson
Chairman, Credit Committee





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



Left - Right:

Warrant Officer Class 1 Calvin Dryden
-Member

Warrant Officer Class 2 Hamroy Roberts
-Member

Warrant Officer Class 2 Ronald Johnson
-Member

Major Garth Anderson
-Chairman

Mrs Shakera Marshall-Fender
-Member

Corporal William Gilzine
-Secretary

Captain Heleda Thompson
-Member (missing)

Nominating Committee REPORT

REPORT OF THE NOMINATING COMMITTEE TO THE 54th 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:

Capt Kwame Gordon	-	Chairman
WO2 Ronald Johnson	-	Member
Miss Allison Pessoa	-	Secretary

The Committee reports as follows:

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

BOARD OF DIRECTORS

Retiring

Major Michael Anglin
Major Clifton Lumsden
Warrant Officer Class 2 (Ret.) Everton Hay
Warrant Officer Class 2 Andre Shakespeare

Not Retiring

Lieutenant Colonel Radgh Mason	1 year
Staff Sergeant Leneath Anderson	1 year
Captain Kwame Gordon	1 year
Mrs. Donna Marie Brown	1 year
Major Maxwell Gordon	1 year

Unexpired Term

Recommended

Major Michael Anglin	2 years
Major Clifton Lumsden	2 years
Warrant Officer Class 2 (Ret'd) Everton Hay	2 years
Warrant Officer Class 2 Andre Shakespeare	2 years
Major Keva Chong	2 years
Major Garth Anderson	2 years
Major O'Neil Bogle	2 years

Term

CREDIT COMMITTEE

Retiring

Warrant Officer Class 2 Hamroy Roberts
Corporal William Gilzene
Mrs. Shakera Marshall-Fender

Not Retiring

Major Garth Anderson	1 year
Captain Heleda Thompson	1 year
Warrant Officer Class 1 Calvin Dryden	1 year
Warrant Officer Class 2 Ronald Johnson	1 year

Unexpired Term

Recommended

Warrant Officer Class 2 Hamroy Roberts	2 years
Corporal William Gilzene	2 years
Mrs. Shakera Marshall-Fender	2 years
Private Curtis Wilmot	2 years
Warrant Officer Class 2 Lukel Miller	2 years
Ms. Verece Campbell	2 years

Term

SUPERVISORY COMMITTEE

Retiring

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

Recommended

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

Term

1 year
1 year

DELEGATES

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

Profile of Nominees:

BOARD OF DIRECTORS

Major Michael Anglin has been a member of the JDF Credit Union since March 1995. He currently serves as the Vice-President on the Credit Union's Board and also chairs other Sub-Committees. He has been a volunteer since 1998 and also served on the Credit Committee. Major Anglin is a graduate of Kingston College. He holds a Bachelor of Science Degree in Human Resource Management, a Diploma in Supervisory Management (MIND), a Certificate of Merit in Paralegal Training and a Certificate in Public Administration.

Major Anglin has been decorated with the Medals of Honour for Meritorious Service, Long Service and Good Conduct, and General Service, as well as the First Bar to the Medals of Honour for Meritorious Service, and Long Service and Good Conduct.

Major Clifton Lumsden has been a member of the JDF Credit Union for twenty-five (25) years and has been a volunteer since 2007, serving initially on the Supervisory Committee. He currently serves as the Treasurer on the Board of Directors and also chairs other Sub-Committees. Major Lumsden is a graduate of Kingston College. He holds a Bachelor of Science Degree in Human Resource Management and a Certificate in Management.

Major Lumsden is employed to the Bank of Jamaica and has experiences in areas such Accounting and Financial Management, Human Resource Management and Development,

Project Management, Risk Management, Occupational Safety and Health, Disaster Preparedness and Emergency Management, Electronic Security Management and Fraud Detection.

He also serves and is affiliated with several organizations including; Director – Eagles Drum and Bugle Corp, a non-profit NGO, President - Business House Basketball Association and Deputy President Jamaica Basketball Association, Board Member - Gaynstead High School, 2nd Vice President – Lay Magistrates Association of Jamaica, Kingston Chapter, Secretary – National Union of Co-operative Societies (NUCS), Honorary Secretary – Commonwealth War Graves Commission (CWGC).

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

Warrant Officer Class 2 (Ret'd) Everton Hay has been a member of the JDF Credit Union for over sixteen (16) years. He currently serves as the Secretary on the Credit Union's Board and also as a member of other Sub-Committees. He has been a volunteer since 2005 and initially served on the Credit Committee. He was employed at the Technical Training Institute as Warrant Officer - Accounts and Audit Control and Quality Assurance.

WO2 (Ret.) Hay holds a Bachelor of Science Degree in Business Administration and Diplomas in Project Design, Implementation & Management and Supervisory Management and Certificates in Marine Engineering (Shift Mechanic) and Electrical Installation.

Warrant Officer Class 2 Andre Shakespeare has been a member of the JDF Credit Union for over twenty-three (23) years and has been a volunteer since 2007, serving initially on the Credit Committee. WO2 Shakespeare is now on the Board of Directors as the Assistant Secretary and also as a member of other Sub-Committees.

He is currently employed to HQ JDF. He holds a Certification Level II in Business Administration and Certificates in Management of Non-performing Loans and Proceeds of Crime Act (POCA) Money Laundering Prevention Regulations.

WO2 Shakespeare has been awarded the Certificate of Appreciation CARICOM and Certificate of Appreciation Caribbean Island Nations Security Conference

Major Keva Chong has been a member of the JDF Credit Union since 2009. She is an Attorney-At-Law and also has experience in being a Company Secretary. She currently serves as a Legal Officer at the Jamaica Defence Force.

Maj. Chong holds a Bachelor of Laws, (LLB) and a Masters of Law (LLM) from the University of Warwick as well as a Masters of Science Degree in Corporate Governance and Financial Regulations. She provides voluntary services at the Sts. Peter and Paul outreach program and the Kiwanis Club.

Major Garth Anderson has been a member of the JDF Credit Union since April 2008 and currently serves as the Chairman of the Credit Committee and was formerly the Chairman on the Supervisory Committee. He is presently the Detachment Commander at the Military Training Wing, Newcastle. Maj. Anderson possesses experience in leadership, management, operations, administration and training and has been a member of the Jamaica Defence Force in excess of 18 years.

Maj. Anderson holds a Masters of Science Degree in Security and Risk Management from the University of Leicester, United Kingdom.

Maj. Anderson volunteers and serves in the capacity as a Justice of the Peace for Kingston, Chairman of Fight for Peace Jamaica Alliance and Chairman of St. John Ambulance.

Major O'Neil Bogle has been a member of the JDF Credit Union for sixteen (16) years and has served on the Supervisory Committee before being co-opted to the Board of Directors. He previously served as Treasurer on the Board of Directors a position he relinquished in 2013. He is employed as the Officer Commanding, Logistics Company 1 JR. Maj. Bogle holds a Masters Degree in Security, Conflict and International Development from the University of Leicester and Bachelor of Science Degree in Economics from the University of the West Indies

CREDIT COMMITTEE

Mrs. Shakera Marshall-Fender has been a member of the JDF Credit Union since December 2006 and has been serving as volunteer since 2015. She currently works at the JDF Pay and Records Office as the Payroll Supervisor. She holds 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.

Corporal William Gilzene has been a member of the JDF Credit Union for fourteen (14) years and is serving as volunteer since 2015. He was our Liaison Officer and a member of the Marketing Committee. He is presently employed as the Company Clerk (Admin Coy, Support and Services Battalion). He holds Diplomas in Business Administration and Spanish.

Warrant Officer Class 2 Hamroy Roberts has been a member of the JDF Credit Union for twenty-three (23) years. He benefited from several cross-sections of training courses and held several positions within the Jamaica Defence Force. He is currently the Warrant Officer in charge of HQ JDF Legal Office. W02 Roberts holds Diplomas in Supervisory Management and Paralegal Studies as well as Certificates in Occupational Safety and Health and Paralegal Studies.

Private Curtis Wilmot has been a member of the JDF Credit

Union since 2009. He is employed with the Jamaica Defence Force at the Medical Centre. He is currently a Medical Assistant/Peer Educator. He holds Certificates in Levels 2 & 3 Medical Assistance and Basic Life Support Trained and a Certificate in Pharmacy from the University of Technology and an Associate Degree in Business Administration from the University College of the Caribbean. He is currently pursuing a BBA at the University College of the Caribbean.

Warrant Officer Class 2 Lukel Miller has been a member of the JDF Credit Union for over 20 years and previously served as a Credit Committee member. He is currently employed at the Planning Department of the JDF Headquarters. He holds a Diploma in Business Administration.

Ms Verese Campbell has been a member of the JDF Credit Union since 2006. She is currently employed at the JDF Medical Centre has a Dental Assistance. Ms. Campbell is a graduate of the Holy Childhood High School. She attended the Dental Auxiliary College where she gained her Dental Assistant Certification.

Ms. Campbell also serves and is affiliated with a number of organizations including the Optimist Club, International Community Service, Excelsior P.T.A and the Jamaica Defence Force Choir.

SUPERVISORY COMMITTEE

Miss Judith Salmon has been a member of the JDF Credit Union for nine (9) years and has been serving as a volunteer since 2015. She is currently employed at the Civilian Human Resource and Administration Department. She holds a Bachelor of Science Degree in Business Administration.

Sergeant Courtney Williams has been a member of the JDF Credit Union for twenty five (25) years and has been serving as a volunteer since 2015. He is currently employed at the Caribbean Military Aviation School (CMAS), JDF Air Wing. He holds a Diploma in Business Administration.

Captain Andres Pierce has been a member of the JDF Credit Union for eight (8) 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 Masters degree in Business Administration and a Bachelor of Science degree (Hons.) in Banking and Finance, and is the chief instructor for the JDF Service Fund Accounting courses.

Sergeant Shelroy Johnson has been a member of the JDF Credit Union since 2005. He is currently employed at the JDF Pay and Records Office for over eight years and is presently the Class One Pay Sgt/Service Funds Clerk. Sgt. Johnson holds certificates and has received training in Team Organization and Project Management, Mentorship and Documentation, Customer Service and Troubleshooting.

Corporal Gawayne Brown has been a member of the JDF Credit Union since 2013. He is currently employed at the JDF Pay and Records Office since 2010 and is presently the Class Two Pay Service Funds Clerk. Cpl. Brown has experience in areas such as Accounting and Inventory Management. He has training/skills in Team Organization and Project Management, Mentorship and Documentation, Customer Service, Data manipulation (MS Excel) and Troubleshooting. He holds Diplomas in Computer Professionals, Level 4 Certified Accounting Technician (UK), and is currently pursuing Association of Chartered Certified Accounts (ACCA) UK.

Major Karl McKen has been a member of the JDF Credit Union since 2004. He is an Investigator at the United States Embassy, Dept. of Homeland Security. He holds a Bachelor of Laws, (LLB) from the University of London, a Masters in Business Administration (MBA) from Nova Southeastern University and a Bachelor of Business Administration (BBA) from the University of Technology. Maj. McKen currently serves as an officer at 3JR (NR).

Sergeant Clayton Edwards has been a member of the JDF Credit Union since 1997 and has over 17 years experience in Finance/Accounts of which 9 years was at the JDF Pay and Records Office as the Payroll Supervisor. He currently Heads

the Accounts Department at 1 Engr Regt (JDF) as the Pay Sergeant. Sgt Edwards holds a Diploma in Leadership Development and Certificates in Military Pay Clerk and Military Stores.

Major Radcliff Barrett has been a member of the JDF Credit Union since 1998. He possesses extensive experience in the Banking sector and is an expert in the field of Security, Risk and Loss Prevention Management and serves as an officer at 3JR (NR). He holds a Masters of Science Degree in Security and Risk Management from the University of Leicester, United Kingdom and has Certificates in Personnel Administration and Public Relations, Industrial & Labour Laws and Industrial Relations.

Maj. Barrett serves and is affiliated with a number of organizations including; the Optimist Club (Jamaica), the Jamaica and International Chapters of the American Society for Industrial Security (ASIS), the International Foundation for Protection Officers (IFPO) and the Manager and Coach – Jamaica Defence Force Hockey Team.

Capt Kwame Gordon
Chairman

JDF CU Staff shares with members at Children's Christmas Party 2016



Supervisory Committee REPORT

Captain Andres Pierce, Chairman

THE COMMITTEE

Over the period in review, the Supervisory Committee assisted the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the Credit Union's process for monitoring compliance with policies and regulations and the code of conduct.

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

Capt Andres PIERCE
Major Courtney DUNKLEY
WO2 Steve WALLACE
WO2 Carlean SUTHERLAND
Mrs Fay TOMLINSON
Ms Judith SALMON
Sgt Courtney WILLIAMS

SCOPE OF WORK

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

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



Left - Right:

Ms Judith Salmon

Mrs Fay Tomlinson

Capt Andres Pierce

WO2 Carlean Sutherland

Sgt Courtney Williams

Missing:

Maj Courtney Dunkley
WO2 Steve Wallace



Operations

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

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

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

Acknowledgements

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



PARLIAMENTARY RULES



Order of Business

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

Suspension of Standing Order

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

Minutes

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

Speeches

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

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

Chairman's Ruling

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

Interruption

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

Motions And Amendments

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

Substantive Motions

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

Right of Reply

The mover of the original motion shall, if not amendment be moved, have the right of reply at the close of the debate upon such motion. When an amendment is moved it shall be entitled to speak thereon in accordance with standing order #8 and at the close of the debate on such amendment shall reply to the discussion, but shall introduce no new matter. The question shall then be put to the vote immediately, and under no circumstances shall any further discussion be allowed once the question has been put from the chair. The mover of amendment shall not be entitled to reply.

Withdrawals or Additions

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

Closing Debate

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

Adjournment

Any member who has not already spoken during the debate may move the adjournment of the question under discussion or of the meeting, but must confine his remarks to the question and must not discuss any other matter. The mover of the motion upon which the adjournment has been moved, shall be allowed the right to reply on the

question of the adjournment, but such reply shall not prejudice his right of reply on his own motion. In the event of such motion being lost, it shall not be moved again, except in accordance with Standing Order No. 18. Any member may demand a division of the question before the House, when the sense of it would permit. A motion to lay on the table shall be put without debate. A motion for reconsideration shall not be entertained unless at the same or following session by a member who voted on the prevailing side, and shall require a majority vote. Any two members shall have the right to demand (by majority vote) that the room shall be cleared of all but accredited delegates to transact business of a nature that precludes premature publicity. Whispering, loud talking, or other disturbances calculated to disturb anyone while speaking will not be tolerated





OBITUARIES

The Board of Directors acknowledges those deceased members who left us over the last year. May their souls rest in peace.

JDF200186 Ex-Major Stoel Foster

JDF/201351 Ex-Major Oswald Brown

JDF/213350 Ex-WO2 Roy Tomlinson

JDF/25252 Sgt John Williams

JDF/27696 LCpl Junior Wallace

JDF/285219 LCpl Luedian Henry

JDF/228653 LCpl Ricardo Palmer

JDF/219763 LCpl Ricardo Bennett

JDF/28725 Pte Adrian Allen

JDF/229632 Pte Stephen Hewitt

JDF/211060 Pte Jullian Green

206924 Irish Townsend

124250 Bernard Williams



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