



JAMAICA DEFENCE FORCE  
CO-OPERATIVE CREDIT UNION LTD.  
*Marching Forward... Building Wealth*

**Solid, Safe  
& Secure...**  
**Your JDF CCU For Sure!**

**ANNUAL REPORT 2022**







JAMAICA DEFENCE FORCE  
**CO-OPERATIVE  
CREDIT UNION LTD.**



# MEMBERS GET MORE!

**BECAUSE, YOU....**

- ✓ Are the owner of the Credit Union
- ✓ Get Personalized financial solutions
- ✓ Get a wide range of products & services
- ✓ Become part of a dynamic membership bond
- ✓ Get friendly, reliable and accessible service

## Who Can Join?

- ✓ Govt. Ministries, Depts & Agencies' Employees
- ✓ Utility Companies' Employees
- ✓ Members of the Security Forces (JDF, JCF, DCS)
- ✓ JDF Business Partner Organisations
- ✓ JDF CU Business Partner Organisations
- ✓ Adult Members of the JCCF
- ✓ Family Members of all of the Above

## You BENEFIT FROM:

### Savings:

Golden Harvest  
Save While You Serve+ (tax free)  
Deferred Shares (tax free)  
Double Your Hand Partner Plan  
SHYDA Fixed Deposit  
Home Owner's Savings

### Insurance:

Family Indemnity Plan  
Family Coverage Plan

### Loans:

Debt Consolidator (Home Equity) - \$17m  
Personal - \$10m  
Motor Vehicle - \$9m  
Unsecured Booster - \$3m  
Easi Loan - \$1m  
Education - \$1m  
Signature 24+ - \$500k  
Quick Cash - \$350k  
Soft Loan - \$100k



**SCAN ME**



*Marching Forward... Building Weallh*

VISIT THE NEAREST  
JDF CU BRANCH AND SPEAK  
TO A REPRESENTATIVE  
TO GET STARTED.

**Head Office**  
Up Park Camp  
Kingston 5

**Cross Roads**  
19 Eureka Crescent  
Kingston 5

**Montego Bay**  
Unit 28, Blue Diamond Plaza  
Ironshore, Montego Bay

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# Mission Statement

To enhance the financial well-being of our members.

# Core Values

Integrity | Efficiency | Member-Centric  
Professionalism | Innovation



SAVINGS



LOANS



INVESTMENTS



INSURANCE





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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

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& Secure!*



1. Ascertainment of Quorum
2. Notice of the Meeting
3. Call to Order and Prayer
4. Welcome and Acknowledgements
5. Chairman's Opening Remarks
6. Reading and Confirmation of the Minutes of the 58<sup>th</sup> Annual General Meeting
7. Matters Arising
8. Guest Speaker - Mrs. Michelle O'Connor
9. Reports of:
  - a. Board of Directors
  - b. Auditor
  - c. Treasurer
  - d. Credit Committee
  - e. Supervisory Committee
10. Election of Volunteers:
  - Nominating Committee Report
  - Elections to:
    - Board of Directors
    - Supervisory Committee
    - Credit Committee
11. Resolutions
12. Other Business
13. Presentations
14. Vote of Thanks
15. Adjournment





*Mr. Devon Fray introduced the guest speaker as the girl from Grange Hill, a motivational speaker who strongly believes in service above self and one who strives to become a better version of herself every single day.*


# Minutes

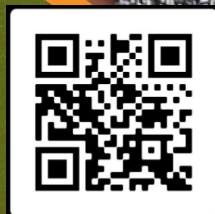
## The 59<sup>th</sup> Annual General Meeting

Ex-W01 Carlean Sutherland, Secretary

### Notice of Meeting

Notice is hereby given of the 59th Annual General Meeting of the Jamaica Defence Force Co-operative Credit Union Limited to be held in hybrid format at the Caribbean Military Academy, JDF, Up Park Camp, Kingston on Wednesday May 18, 2022, commencing at 12 noon.

  
**Carlean Sutherland, BSc (Hons)**  
Ex-Warrant Officer Class 1  
Secretary



Scan here and see how easy it is to become a member.



## Call to Order

The meeting was called to order by the President and Chairman Commander Aceion Prescott after the Secretary; Ex-W01 Carlean Sutherland ascertained that a quorum was present. The Annual General Meeting was held virtually with simultaneous live streaming on YouTube and Facebook and a group of registrants attended in person.

## Notice of the Meeting

The Notice was read by the Secretary, Ex-W01 Carlean Sutherland.

## Prayer

Prayer was offered by Lt Col Michael Anglin who invited all to recite the Prayer of Saint Francis of Assisi.

## Obituaries

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

## 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 apologized for the late start and welcomed visiting friends, members in the room as well as members watching virtually online. He invited members to fully participate in the discussion and interaction that will take place. He also offered special welcome and recognized Major Heleda Thompson, past president, stalwart in the business of volunteerism who now serves as Director of Veterans Affairs. He also recognized W01 Forbes, Force Sergeant Major, who continues to represent the enlisted members of the JDF. The Chairman offered thanks to the volunteers who work assiduously over the year and CU staff who continues to serve the members with diligence.

## Minutes of the 59<sup>th</sup> Annual General Meeting

The Minutes of the 59<sup>th</sup> Annual General Meeting was taken as read on a motion moved by Lieutenant Colonel Michael Anglin and seconded by Major Heleda Thompson.

### Confirmation of the Minutes

There were no corrections to the minutes. There being no corrections, a motion for the confirmation of the Minutes was moved by Mr. Everton Hay and seconded by W01 Dwight Smith.

### Matters Arising From the Minutes

Arising from the minutes, a question was asked regarding the relocation of the Credit Union. The President informed the meeting that the Credit Union will be relocated to the Old Pay Office Building next door to the Pay and Records Office. He stated that the process has started regarding the construction of the new office as approval was given by the Parish Council while the tendering process to choose the appropriate contractors is in progress. There were no other matters arising from the Minutes of the 59<sup>th</sup> Annual General Meeting.

### Introduction and Presentation of Guest Speaker

Mr. Devon Fray introduced the guest speaker as the girl from Grange Hill, a motivational speaker who strongly believes in service above self and one who strives to become a better version of herself every single day.

The guest speaker, Mrs. Katrina Grant-D'Agular acknowledged the management and staff of the JDF Credit Union, members of the Board of Directors, representatives from the Jamaica Cooperative Credit Union League and representatives from the Registrar of Cooperatives of Friendly Societies and members. She offered special acknowledgement to the members of the JDF Credit Union who have joined virtually online. She thanked the credit union for asking her to address the 59<sup>th</sup> Annual General Meeting on the theme 'Stronger Together' and offered congratulations on another successful year, given the circumstances as we continue to grow through this COVID-19 pandemic.

She said that the past two years have tested many organizations, rattled economies but the Credit Union managed to realize growth. In order for a team to be successful everyone must be fully invested in the vision of the team otherwise success is not possible. She reminded the members that when they invest in the CU they invest in themselves, and get to play a part in deciding how their pooled resources are used and also play a part in their own financial freedom and stability.

Mrs. Grant-D'Agular told the members that the credit union differs from banks in both philosophy and structure. Together through pooled resources the credit union has managed to turn hopes and dreams into reality with access to a safe and convenient place to save money and access loans. She reminded the members that the chain is as strong as its weakest link so they should remain steadfast to the Credit Union and understand that each member is a part of something great and all can make a mark as the credit union help





JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LIMITED  
Up Park Camp, Kingston 5  
***Marching Forward...Building Wealth***

Notice is hereby given that the **60<sup>th</sup> ANNUAL GENERAL MEETING** of the **Jamaica Defence Co-operative Credit Union Limited** will be held in hybrid format at the Caribbean Military Academy (JDF), Up Park Camp Kingston 5 on **Wednesday May 17, 2023**, commencing at 12noon.

Members are invited to attend the meeting physically and virtually using our Zoom platform along with viewing our live stream on Instagram, Facebook and YouTube.

An electronic version of the Annual Report can be accessed at <https://jdfcreditunion.com/downloads/>

#### **REGISTRATION**

All members are required to register to attend and participate in the Annual General Meeting. To register, please visit: <https://rebrand.ly/REGISTERAGM2023>. Once registered, the meeting access credentials will be emailed. Registration opens on Wednesday May 10, 2023, at 9:00am and closes on Wednesday May 17, 2023, at 11:30am.

#### **PARTICIPATION AND VOTING PROCEDURES**

Members, please note that all participation including elections and voting will be conducted at the meeting for those in physical attendance and virtually for those using the Zoom platform.

#### **NOMINATIONS PROCEEDINGS**

This is to advise that nominations for members to serve on our Board and or Committees is closed. No nominations will be accepted during the meeting.

#### **OFFICE CLOSURE**

All our offices will be closed at 11:00 am to facilitate hosting of the meeting.

On Behalf Of The Board Of Directors

Ms. Carlean Sutherland BSc. (Hons)  
**Secretary**

**Dated: May 4, 2023**



members in the process from the womb to the tomb. In closing she wished for the credit union continued success as we look to the future, reminding members that sticks in a bundle are unbreakable, but when separated can be easily destroyed. She encouraged the members to invest in the credit union as this will enable them to build their desired wealth.

Mr. Romario Johnston presented a gift to Mrs. Katrina Grant-D'Agular, and thanked her for addressing the topic and encouraging members to support their Credit Union.



### **Board of Directors' Report**

The motion for the Board of Directors Report to be taken as read was moved by Sergeant Andrae Burnett and seconded by Lt Col Maxwell Gordon. The Chairman offered gratitude to the members and indicated that the Board of Directors, along with volunteers and staff have worked tirelessly over the last period through late nights and marathon board meetings to ensure the business of the Credit Union is taken care of. He indicated that throughout the period Covid 19 had a negative effect on the economy, but the Credit Union remained financially viable. Total assets would have grown by 9.4%, investment increased by 18%, net loans increased by 4.8%, member engagement and penetration is at 70%.

### **Technology**

The Chairman indicated that technology is far advanced as the IT team is working assiduously to ensure that online business which has increased by 86% is at your fingertips and you can bank from anywhere, even on an operational base.

### **Human Resource**

There has been a change in the organizational structure of the credit union. A new General Manager, Mrs. Claudia Thompson-Roache has been hired as part of the new strategic direction. During the pandemic there was flexi-work week, however, things are slowly but surely returning to normalcy as we negotiate the new norms.

### **Governance and Leadership**

The volunteers will continue to undergo training, seeking guidance to ensure that all do their jobs properly. The attendance record speaks to the better part of the meetings that occurred and the attendance.

### **Enterprise Risk Management (ERM)**

Risk is a very important part of any financial organization. The pandemic produced economic meltdown in Jamaica and other countries. However, at the JDF CU members investment is very important. As the BOJ comes in to add regulation to the how Credit Unions operate, we ensure that we are ahead of the game by making the necessary adjustments. Proper research is being done regarding investment as at the JDF CU we don't want to take undue risk with member's money.

### **Relocation and New Branches**

As was previously stated, the Credit Union will be relocated to the old Pay Office building to provide more space and a nicer environment to conduct business. Additionally, two sub branches will be opened in Cross Roads and Blue Diamond Plaza, Montego Bay because we need to serve you better as the JDF expands its reach across Jamaica.

### **Conclusion**

The Chairman thanked the members on behalf of the Board of Directors for their business and co-operation throughout the pandemic period, which still remains. He offered commendation to the volunteers and staff for the continuous work and support and thanked the stakeholders including the JDF, JCCUL, JCIA, CUMAX and the Strategic Alliance. The Board of Directors report was accepted on a motion moved by Sergeant Andrae Burnett and seconded by Lt Col Maxwell Gordon. The motion was passed unanimously.

### **Independent Auditors and Treasurer's Report**

The Independent Auditor's Report was read by Ms Shirnette Simms from HLB Mair Russell. It was contained on pages 23 to 28.

### **Treasurer's Report**

The Treasurer, Mr. Everton Hay presented the Treasurer's Report which was found on pages 14 to 16. He stated that the restrictions under the Disaster Risk Management caused by Covid 19 wreaked havoc on the economy, however, sectors such as services and goods producing showed resilience and recorded growth especially in the 4th quarter. He gave highlights of Jamaica's economy for 2021 including that the inflation for the year was 9.1% and the Jamaican dollar closed at approximately \$150.00 to US\$1. Turning to the performance of the credit union the Treasurer stated that despite the Jamaican economy for the year ended 31st December 2021 the credit union had a another relatively good year's performance. He commended the management, staff and volunteers for their efforts. He said that they remained compliant with the regulatory guidance. They continue to offer the members





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a wide range of products and services at the most affordable rates in the Movement.

## Financial Highlights

The Treasurer detailed the financial accomplishments of the credit union. The year ended with total income and total expenses increasing by 3.9 and 2.3% respectively resulting in an increase in surplus of 8.7%. Total assets, capital, savings and total liabilities increased by: 2.9, 6.9, 1.26, and 1.69% respectively. The loan portfolio was the only of operations that experienced a decrease which was 0.49%.

## Matters Arising from the Treasurer's Report

There were no matters arising from the Treasurer's Report. The Report was accepted on a motion was moved by Major Heleda Thompson and seconded by Sergeant Gawayne Brown. The motion was unanimously carried.

## Resolutions

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

### Resolution #1

The Proposal for the Appropriation of Surplus was presented by the Treasurer, Mr. Everton Hay as follows:

Net Surplus for the year	\$84,920,000
Other Reserve	<u>12,429,000</u>
Comprehensive Income for the Year	<u>72,491,000</u>
Dividend Permanent Shares	5,590,000
Statutory Reserve	18,049,000
Additional Statutory Reserve	10,000,000
Honoraria Payment	4,010,000
Treasure Chest Scholarship	1,500,000
IT Enhancement	5,000,000
Building Reserve	<u>15,000.00</u>
Total Distribution	<u>59,149,000</u>
Undistributed Surplus	<u>13,342,000</u>

### Resolution #2

Rule # 71 – Power to Borrow

Proposal for the Fixing of Maximum Liability up to December 2021 at a rate of 16 times the capital. The acceptances of the two resolutions were unanimously accepted by the members.

## Credit Committee Report

The Report was presented by Major Calvin Dryden Chairman of the Credit Committee. He introduced the members of the Committee for the period. During the year the committee





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CO-OPERATIVE  
CREDIT UNION LTD**

**SPEED OFF...SPEED OFF  
NEED A "FAST" LOAN?**

**YOU CHOOSE**

**48HRS PROCESSING**

**EASI  
LOAN**

**\$1,000,000.00**

\$2,540.00 per month per \$100,000.00

- ☒ Last two pay slips & ID
  - ☒ Job letter (first time borrowers)
  - ☒ 15% Share Equity Requirement
- Credit Report Verification will be conducted



**SIGNATURE  
PLUS LOAN**

**\$500,000.00**

\$3,620.00 per month per \$100,000.00

- ☒ Last two pay slips & ID
  - ☒ Job letter (first time borrowers)
  - ☒ 10% Share Equity Requirement
- Credit Report Verification will be conducted

Conditions Apply

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**TO**

**HEAD OFFICE: 876 517-7740, 876 997-5634**

**CROSS ROADS BRANCH: 876 549-0013, 876 419-9929**

**MONTEGO BAY BRANCH: 876 236-8049, 876 546-8665**



focused on meeting the needs of the members despite experiencing continued local and global uncertainty. COVID-19 created challenges for the sitting of the Committee but with the continued use of technology the committee met virtually to conduct reviews and approval of loan application. During the year 2021 the committee met 54 times, and reviewed 138 loan applications. The loan portfolio showed a decline in unsecured loan, home improvement, debt consolidation and educational expense. However, the motor vehicle and personal requisite reflect marginal growth of 12.4% for the period. Unsecured loan decreased 80%, debt consolidation 46%, home improvement loan 22%, however, motor vehicle loan increased 2.8%. The decrease in the dollar value of loans received by the Committee was \$39.3M

The decline within the economy resulted in nonperforming loan portfolio and delinquency ratio of 4.9%. Major Dryden encouraged the members to make sound financial decisions and advised that, if they are experiencing financial difficulty they should visit the credit union and speak with a loans officer and don't become delinquent. He extended gratitude to all members and acknowledged the support of the Management and staff, Board of Directors, the Supervisory Committee and his fellow committee members. He further stated that as the committee strives to increase the profitability of the credit union, it will continue to guide and assist members in their pursuit of financial well being whilst standing by the JDF CU culture of facilitating and giving back to members.

There were no questions arising from the presentation. The motion for the acceptance of the Report was moved by Staff Sergeant Tamara Williams and seconded by Chief Petty Officer Swaby.

### **Supervisory Committee Report**

The report was presented by the Chairman, Warrant Officer Class 1 Dwight Smith, which was found on pages 96 and 97 of the booklet. He asked for a motion to take the report as being read. The motion was moved by Major Heleda Thompson and seconded by Staff Sergeant Shelroy Johnson. W01 Smith informed that the Supervisory Committee consists of seven members who were duly elected by the members at the last AGM. He further stated that throughout the year the country was faced with one of the biggest pandemic which altered the committee's ability to carry on with its mandate. However, the committee quickly adapted to the Covid 19 protocols, revised its audit strategies and was therefore able to successfully complete over 35 audits. Policies and procedures were adhered to in all material respect, and where necessary the recommendation of the Supervisory Committee were accepted

by the Board and implemented accordingly. A total of 10 loans were the subject of a special investigation. The result of the special investigation is that they were satisfied that the related policies and procedures were adhered to in all material respect for the granting of such loans. The Chairman said, where necessary the appropriate safeguards were implemented to avert any breach of established policies, procedure and protocols with the Credit Union.

The Chairman on behalf of the Supervisory Committee expressed sincere gratitude to the members of the JDF Cooperative Credit Union for the opportunity to serve in this important capacity, the Board of Directors, Management and staff with specific emphasis on the Internal Auditor for facilitating and supporting the work of the committee over the year.

### **Questions or Comments From the Supervisory Committee Report**

There being no questions arising from the presentation of the report therefore a motion was moved by Mr. Desmond Pringle and seconded by Mrs. Claudia Thompson-Roache for the acceptance of the Report.

Mr. Kevin Hemans from CUMAX Wealth Management Ltd and Investment Company explained to the members briefly about CUMAX which is the investment arm of the credit union movement. He invited the members to visit with him after the AGM to get further information on the available investment products.

### **Election of Volunteers**

The election for volunteers was conducted by Ms Annmarie Wallace from the Department of Co-operative and Friendly Society who gave clear instructions regarding the ballots and the voting procedure. She pointed the members to the Nominating Committee's Report which was contained on pages 90 to 95. The election process commenced with the voting for members of the Board of Directors. Seven persons were nominated to serve the Board, of that number, only 5 will be elected to serve. For the Credit Committee 3 persons were recommended and the committee only needed 3 persons hence a motion was moved by Major Heleda Thompson and seconded by Private Fabrian Rattray for the election of these 3 members to the Credit Committee. For the Supervisory Committee, 8 persons were nominated and the committee needed 7 persons to serve.

At the end of the election and the counting process Ms Wallace announced the results of the elections as follows:



**Board of Directors**

	Term (Yrs)
Warrant Officer Class 1 Carlean Sutherland	3
Sergeant Gawayne Brown	3
Lieutenant Colonel Maxwell Gordon	3
Mr. Desmond Pringle	2
Lieutenant Colonel Michael Anglin	1

**Credit Committee**

	Term (Yrs)
Mrs. Michelle Goulbourne	3
Mrs. Shakeria Marshall-Fender	3
Miss Sarney Hayes	3

**Supervisory Committee**

	Term (Yrs)
Corporal Georgia Seaton	1
Staff Sergeant Ricardo Russell	1
Sergeant Andrae Burnett	1
Warrant Officer Class 2 Shawn Malcolm	1
Warrant Officer Class 1 Dwight Smith	1
Warrant Officer Class 2 Sherlon Campbell	1

It is to be noted 2 persons who were recommended for the Board of Directors were also recommended for the Supervisory Committee and were elected to the Board of Directors. Hence, only 6 persons were voted on to serve on the Supervisory Committee; another member will have to be co-opted to serve.

Entertainment was done by Rising Star, Miss India Celine and Saxophonist Barbara Brandford.

**Any Other Business**

A member queried on whether she could increase her permanent share and if a resolution can be passed at this AGM for this to be done. She was advised that this was not possible as the resolution would have to pass through the office of the Registrar for ratification before being tabled at the AGM.

A member enquired if CUMAX was a better place to invest than the Credit Union. He was advised that CUMAX is investment focused with different investment options than the Credit Union. He was also directed to speak with Mr. Kevin Hemans from CUMAX outside after the AGM has been concluded.

The President on behalf the Board of Directors, Management and staff, along with other volunteer made a special presentation to Major Heleda Thompson a long standing volunteer and member of the Credit Union. She has been a member of the Credit Union for over 35 years and has volunteered for over 30 years. Quite a remarkable achievement.

**Vote of Thanks**

The Vote of Thanks was moved by Mr. Rovon Thomas-Matthew.

  
**Carlean Sutherland, BSc (Hons)**  
 Ex-Warrant Officer Class 1

  
*Make a  
Solid  
Move...*



and Scan here





Left - Right:

**Mr. Everton Hay**, Treasurer  
**Staff Sergeant Gawayne Brown**, Director  
**Mr. Desmond Pringle**, Assistant Secretary  
**Ms. Carlean Sutherland**, Secretary  
**Commander Aceion Prescott**, President  
**Lieutenant Colonel Maxwell Gordon**, 1<sup>st</sup> Vice President  
**Lieutenant Colonel (Ret'd) Michael Anglin**, 2<sup>nd</sup> Vice President  
**Staff Sergeant Shelroy Johnson**, Assistant Treasurer  
**Mrs. Donna Boland-Brown**, Director





# Board of Directors

The Board of Directors are elected to provide strategic governance to the business operations of the Credit Union. They act as an oversight body, providing guidance to the Management and Staff to effectively fulfil the objectives of the Credit Union.





**//** *Let me thank you, the members, for partnering with your Credit Union. To my fellow Board members, Supervisory Committee, Credit Committee, and other supporting committees thank you for your valuable support*

# Board of Directors' Report

Cdr Aceion Prescott, President



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## Introduction

**G**reetings Family. So much has happened since we last met and I am honored to give an account of our achievements, challenges, and the way forward.

For the better part of the year, we saw the nation return to regular business after the heights of the COVID-19 pandemic. As much as the restrictions were lifted, we saw where many financial institutions were still leveraging their online platforms to serve customers and reducing brick-and-mortar systems. Two of the commercial giants in the financial space have closed several branches in Kingston and other parishes. Generally, businesses are focusing on more conservative strategies that will reduce costs and improve efficiency and customer delivery. Some overseas firms have started to leverage artificial intelligence to achieve major competitive advantages, improved operational efficiencies, and better employee and customer retention.

Your Credit Union is very conscious of these nuances, and we too have been improving our online capabilities and securing partnerships to better serve you and remain relevant in this very competitive financial space.

## Fraud Investigations

I now take this opportunity to formally report on the fraud incident which occurred in August 2022 involving staff and regular members of the JDF. The matter was reported to the Fraud Squad and the CDS. The main cause was that a staff member exploited some of the user access privileges that allowed him to access and conduct unauthorized online transactions. Eight (8) staff members were implicated and dismissed. The matter is still in court and the accounts of some of the members have been restored. The supervisory committee will provide further details of this matter.

## Board Attendance

Below is the Board's attendance record for 2022:

Board Members	Possible	Regular	Special	All Committee	Apology
Cdr A Prescott	25	9	9	1	6
Lt Col M Anglin	25	11	11	1	2
Lt D Ellis	2	1	0	0	1
Ms C Sutherland	25	12	12	1	0
Mr. E Hay	25	12	11	1	1
SSgt Johnson, S	25	11	12	1	1
Mr. D Pringle	25	10	9	1	5
Mrs. K Gordon	7	3	2	0	2
Mrs. D Brown	25	12	11	1	1

Board Members	Possible	Regular	Special	All Committee	Apology
Lt Col M Gordon	17	6	8	1	2
SSgt Brown, D	17	7	7	1	2

## Economic Environment

The Bank of Jamaica (BOJ) made significant strides toward the normalization of its operations in 2022, following the Coronavirus (COVID-19) pandemic. Notwithstanding the waning impact of COVID-19, there continued to be significant challenges associated with the conflict between Russia and Ukraine, which fueled substantial increases in international commodity and shipping prices.

Considering these challenges, domestic inflation remained above the Bank's inflation target of 4.0 to 6.0 percent for the review year, continuing the trend observed in 2021. In response, the Bank's Monetary Policy Committee (MPC) employed a three-pronged approach in its monetary policy actions, which commenced in the last quarter of 2021. These were: (1) raising the Bank's policy interest rate by 450 basis points (bps) to 7.0 percent during 2022, (2) implementing measures aimed at maintaining tight Jamaican dollar liquidity conditions, and (3) reducing volatility in the foreign exchange market by re-introducing absolute limits on the Foreign Currency Net Open Positions of authorized dealers and providing US dollar liquidity support to the market. (BOJ Annual Report 2022).

While the Bank's interest rates/treasury bill rates significantly increased, the financial entities including Credit Unions did not respond by giving higher savings rates to the customers. Towards the end of the last quarter, the government issued several high yields investment bonds and securities to further mop up the liquidity and realigned the exchange rates.

## Credit Union Movement

The Credit Union movement continued to remain the institution of choice for the over one million members in Jamaica. Over recent years we have seen where the competition has moved in more aggressively on the movement as banks seek to increase their market share. The movement reported strong growth in loans at 3.38%, however, other areas such as savings and assets showed a slight decrease averaging 1.5%. With respect to membership, the movement revamped its youth and educational programs to balance the aging membership. Individual Credit Unions will be assessed in 2023 for their engagement in youth-related activities to boost the youth segment and retain membership.



The Bank of Jamaica regulations for Credit Unions remained a hot issue. This will place stricter governance and risk management on Credit Unions and resultant penalties for breaches. There are other critical regulations such as the Data Protection Act (DPA) and Common Reporting Standards (CRS) which will be implemented. The Jamaica Co-operative Credit Union Movement (JCCUL) has been working closely with the credit unions to ensure compliance.

## JDF CU Key Achievements And Challenges 2022

No.	Key Achievements	Key Challenges/Threats
1	Achieved the Award for the Highest Solvency rate from JCCUL.	Weak/Low critical mass/membership base – needs to get the affiliates to fill the membership gap.
2	Revised Loan offerings – flexibility and variety.	High separation rate in the JDF – Members are migrating, etc.
3	Opened 2 service branches – Cross Roads and Montego Bay.	Office Space/Relocation of the Main office.
4	Revamped marketing activities to a sales approach orientation – BDOs employed to push sales.	Delinquency (Bad Debt).
5	Greater Partnership with JDF Units.	Rivalry in the financial space and directly on camp grounds.
6	Improved Governance and Risk Management.	Limited Capital to take on risk-based unsecured lending like the commercial banks.
7	Awarded several high school scholarships.	

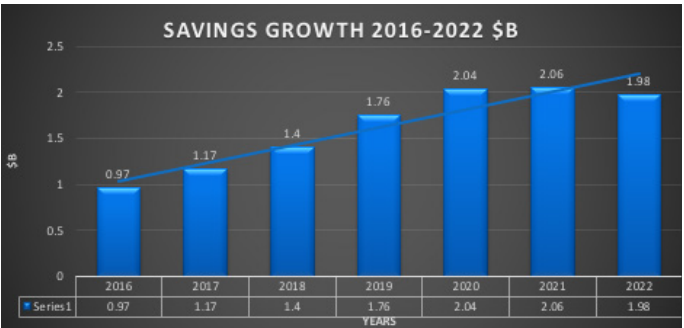
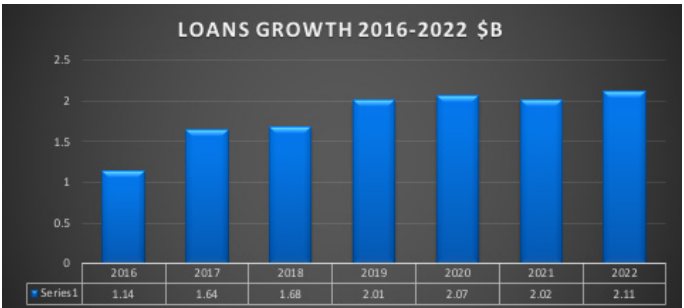
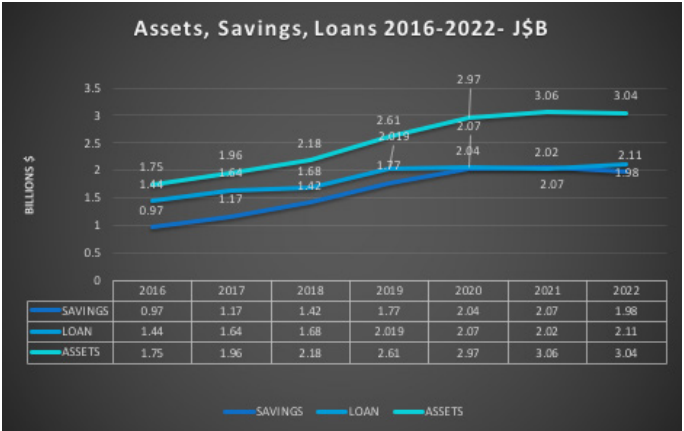
## Financial Performance Highlights

Your Credit Union reported strong growth in some of its key performance metrics. However, there were some areas that performed sluggishly due to several factors. Loans rebounded over the period and closed at \$2.1B representing a growth of 4.83%. Assets dipped by 0.77% to \$3.04B and Savings declined by 4.18% to \$1.98B. The fallout in assets and savings was mainly due to the fraud incident and the perception of the members at that time. So far in 2023, we have seen where confidence is being restored and already we have reported 1st quarter 2023 growth in savings of 3.6% reversing the previous decline.

Income and Expenditure for the most part were kept within budget. There were a few areas such as legal costs and consultancy which increased due to the fraud incident. The reported surplus was \$38.6M, which is significantly less than in the prior years. The two major threats to our income were the increase in provision for bad debt and the disequilibrium of our loan pricing. Coupled with these internal challenges are the rising inflation rates and the cost of goods and services from our partners. Therefore, the

repricing of the loan rates will be a top priority for 2023 but will remain affordable and below the market rates.

We remained compliant with most of the PEARLS financial benchmarks except for delinquency and savings ratios. Steps are being taken to address these exceptions. The figure below indicates the performance of key balance sheet items over the period 2016-2022.



## Update of Our Strategic Initiatives

No.	Initiatives	Achievements % 2021	Achievements % 2022
1	Member Engagement and Penetration	70%	75%
2	Technology and Process Re-Engineering	75%	80%
3	Human Resource Development	75%	80%
4	Governance and Leadership	80%	85%
5	Enterprise Risk Management	75%	75%

We continued to be guided by the initiatives set out above in our five-year strategic plan. As indicated, the financial space has



become very demanding, and we must transform and evolve to stay in the game. In the area of Member Engagement and Penetration, we increased our visits to several offsite Units with the help of the mobile office and the sub-branches. Several surveys addressing membership needs, and financial literacy programs were administered. There was also the improvement and rebranding of the Debit Access Plus card to a Master Card where transactions can now be done both locally and internationally. The success of this new master card will be measured by its usage; hence, we encourage all members to upgrade and apply for the new card. Staff development was also a key initiative. We have seen improvements in the leadership and culture of the organization. An effective performance management system is being developed which will improve accountability and objectivity. In the area of technological development, the Automatic Clearing House (ACH) banking feature is in testing mode and will become available later in 2023. Direct payments are now facilitated by Bill Express partnership and our online loan application platform was upgraded for ease of access. Other regular services like requests for letters and withdrawals are still available online.

### **Enterprise Risk Management & Internal Controls**

Cybercrimes have been a common trend in many financial institutions and other sectors in recent times. Therefore, we are constantly reviewing our risk management and internal control systems to ensure that they are robust enough to safeguard the institution. Lessons were learned from the fraud investigation that highlighted some internal weaknesses which were subsequently resolved.

With respect to the regulations, the Common Reporting Standard and the Data Protection Act are the latest. We will continue to monitor the trends in risk management with the support of the Internal Auditor and the Risk and Compliance Manager.

## **Outlook - The Way Forward**

The business and the regulatory environment are changing rapidly and demand unique and radical insights and adaptation to deliver value to our members. Financial organizations that do not deliver value to their members will certainly be left behind.

The way forward for JDF Credit Union is greater partnerships and alliances with the JDF community. We will be deepening our penetration to get every member of the Force to become an active member of the Credit Union. We are in advanced discussions with HQ JDF to improve the quality of our service to our bond. The outcomes are intended to better leverage the Credit Union's utility to the members and compensate for the high separation rate in the Force which is impacting negatively on our business.

Flexibility is a crucial tenet of our strategy, and we will continue to improve our knowledge of the members' needs to improve the quality of our service. Cost-sharing partnerships are being investigated for adoption and outsourcing of aspects of the operations to reduce expenditure and increase efficiency. Aggressive strategies are being pursued that are aimed at engaging the youth population including scholarships, long-term savings, financial literacy, and youth forums.

We must hasten to get the activities of the service branches increased as these are outlets to reach out mainly to the other segments of the membership bond that are not regularly in Up Park Camp or Kingston. This will leverage the critical mass that is necessary for sustainability.

The relocation of our main office is still in the planning / tendering stage. The Board and management are intent on balancing affordability with ease and convenience for the members. As such, several options are being rigorously pursued to provide the

***There was also the improvement and rebranding of the Debit Access Plus card to a Master Card where transactions can now be done both locally and internationally. The success of this new master card will be measured by its usage; hence, we encourage all members to upgrade and apply for the new card.***

best option for members. The building committee continues to manage this project and further updates will be communicated at key decision points.

## **Conclusion**

Fellow members, it is time to see exponential growth in the Credit Union. Over the past 3 years, the results have been very flat in the low single digits. This trajectory must change in 2023 and beyond. Do not forget the ethos and the principles which brought us together and justified our existence. With all our resources pooled together, no competition or financial shocks can threaten us. Let us all move swiftly to return all the savings and loans to your Credit Union. Bring your entire family members on board and together make your Credit Union your financial institution of choice.

Our resilience has been tested many times and we emerge stronger each time. Beware of the loan sharks and programs designed to mislead and disrupt your financial well-being and wellness. You are a member-owner of your Credit Union, and





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**There The way forward for JDF Credit Union is greater partnerships and alliances with the JDF community. We will be deepening our penetration to get every member of the Force to become an active member of the Credit Union. We are in advanced discussions with HQ JDF to improve the quality of our service to our bond.**

it is designed to provide you with financial solutions that are to your benefit. We do not strive to earn a profit for shareholders because we do not have any. Our shareholders are our members and so we tailor our services to provide you with the balance required as member-owners. Remember that this is "Fi mi Credit Union, Fi mi Family!" So let us March Forward, Building Wealth.

## Commendations

We are one big family. For what we have achieved throughout the year, it will be remiss of me not to offer my commendations to you all. As this is my last year in office, it is quite fitting to express my gratitude for the opportunity to have served my Credit Union family. I truly appreciate the support you have extended to me during my tenure and relished my time being a servant leader.

Let me thank you, the members, for partnering with your Credit Union. To my fellow Board members, Supervisory Committee, Credit Committee, and other supporting committees thank you for your valuable support. To the General Manager, Claudia Thompson-Roache, and the rest of the Management Team and Staff, your contribution is significantly noted and appreciated.

Commendations to our stakeholders for their partnership: JDF, BOJ, JCCUL, Department of Co-operatives and Friendly Societies, Jamaica Co-operative Insurance Agency (JCIA), CUMAX, and all the others.

All the best to the new administration and together we are stronger!

**Aceion Prescott**  
Commander, President

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**Let me thank you, the members, for partnering with your Credit Union. To my fellow Board members, Supervisory Committee, Credit Committee, and other supporting committees thank you for your valuable support**

# Treasurer's Report

Mr. Everton Hay, Treasurer



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## Overview of the Economy

The year 2022 saw a return to normalcy with the termination of the Disaster Risk Management Act (DRMA) caused by the COVID -19 pandemic. The economy showed signs of growth in various sectors and continued its resilience in sectors such as services, the goods producing and manufacturing as well as mining, during the fourth quarter of the year.

The year ended with an inflation rate of 9.4% and the Jamaican Dollar holding at close to JA\$152 to US\$1. The Bank of Jamaica (BOJ) increased interest rates by increments of 50 basis points and Treasury bill rate climbed to above 7%. Crime continues to be a major challenge for the economy and the country, and the government still has in place States of Emergency (SOEs) and implemented additional Zones of Special Operations (ZOSOs).

## Performance

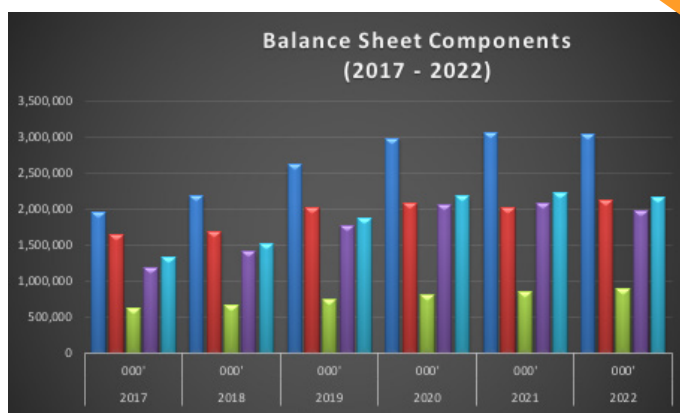
Two Thousand and Twenty-two proved to be one of the most challenging years for our credit union as we did not achieve most of our major targets, our loan portfolio grew marginally over the corresponding period by 4.83% moving from \$2,020.07M to \$2,117.71M notwithstanding the efforts that were made during the period. Loans totaling \$1.536.86M (2021: \$1.297.23M) in loans were disbursed during the period and reflects a 18.47% increase in loans granted.

Total Assets decreased by 0.77% (2.88% in 2021), moving from \$3,063.75M to \$3,040.11M.

## Financial Highlights

The results of our performance are highlighted below:

Year	2017	2018	2019	2020	2021	2022
	000'	000'	000'	000'	000'	000'
Total Assets	1,960,994	2,187,950	2,615,024	2,978,085	3,063,756	3,040,110
Total Assets	1,960,994	2,187,950	2,615,024	2,978,085	3,063,756	3,040,110
Loan Portfolio	1,648,252	1,683,065	2,019,604	2,076,885	2,020,072	2,117,718
Capital	625,346	673,242	740,172	800,595	849,380	889,502
Savings	1,176,679	1,404,991	1,765,700	2,048,720	2,068,844	1,982,433
Total Liabilities	1,335,648	1,514,708	1,874,852	2,177,490	2,214,376	2,150,608
% Change:						
Total Assets	11.61%	11.57%	19.52%	13.88%	2.88%	-0.77%
Loan Portfolio	13.90%	2.11%	20.00%	2.84%	-2.74%	4.83%
Capital	15.62%	7.66%	9.94%	8.16%	6.09%	4.72%
Savings	20.71%	19.40%	25.67%	16.03%	0.98%	-4.18%
Total Liabilities	9.83%	13.41%	23.78%	16.14%	1.69%	-2.88%



## Income/Expenses/Surplus

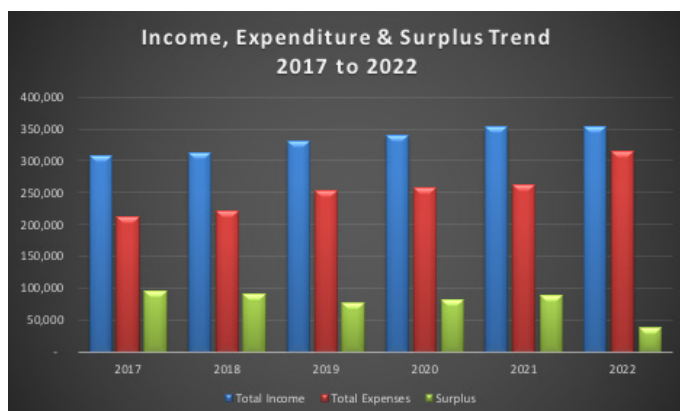
Gross income for the year in review remained flat at \$353.426M (2021: \$353.421M); a marginal increase of \$5K. Both investment and other income grew by 62% and 11% to \$29.3M and \$70.1M respectively, while income from loans declined by 6%, moving from \$271.4M to \$254.01M.

Expenses grew faster than our income as we opened two (2) branches; one in Cross Roads and the other in Montego Bay in order to reach our underserved members and increase the credit union's visibility. Other increases in expenses were attributed to staff costs as well as legal and professional fees related to hearings for individuals who were implicated in the misappropriation of funds at the credit union.

Surplus for the period declined by 57% to \$38.6M, moving from \$90.2M recorded for 2021.

While the results for 2022 were not as targeted, as stewards, we are not daunted by the results but instead will be more resolute to defy the odds and navigate the immensely competitive financial space.

The graph below displays a simplified version of the Income and Expenditure and Surplus for the years 2017 to December 31, 2022 respectively.





Year	2017	2018	2019	2020	2021	2022
	000'	000'	000'	000'	000'	000'
Total Income	308,449	312,258	330,216	340,239	353,421	353,426
Total Expenses	211,756	221,594	253,309	257,226	263,175	314,756
Surplus for the Year	96,693	90,664	76,907	83,013	90,246	38,670
% Change:						
Total Income	14.70%	1.23%	5.75%	3.04%	3.87%	0.00%
Total Expenses	16.60%	4.65%	14.31%	1.55%	2.31%	19.60%
Surplus for the Year	10.80%	-6.24%	-15.17%	7.94%	8.71%	-57.15%

## Governance

We remain on track with our preparedness in light of the upcoming Special Credit Union Act that is to be passed by the Bank of Jamaica (BOJ), possibly by year end and maintained our partnership with the Credit Union League regarding updates and training.

## The Way Forward

We promised to open the 2 Sub-Branches, that promise has been fulfilled. Our next step is to leverage the potential gains by implementing the strategies that were agreed on at our last retreat in order to penetrate our extended bond and give you our valued members the best service ever. We continue to

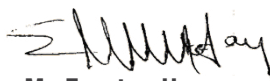
give the best rates on our products. We will also continue to provide a forum for financial literacy so that you can invest wisely and borrow responsibly.

The JDF Co-operative Credit Union continues to lead the charge in the financial education of the younger members of the Force. In the year ahead, the credit union will seek to equip its members with the knowledge and skills necessary to manage money effectively.

## Acknowledgement

Thanks to the team of Volunteers, Management and Staff which collectively and consistently takes responsibility for the success of our credit union. Without their insight, diligence and commitment, the JDF Credit Union's strategic objectives and targets for the year ended December 31, 2022, could not have been realized.

On behalf of the Board, Volunteers, Management and Staff of the JDF Co-operative Credit Union, I hereby extend sincerest gratitude to you our invaluable members, as your demonstration of confidence, loyalty and trust in this credit union has not waned.



Mr. Everton Hay

Ex-Warrant Officer Class 2, Treasurer



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# Proposal for the Appropriation of Surplus

Naration	Appropriation 2022
Net Surplus for the Year	38,670,000
Other Reserve	17,480,000
<b>Total Comprehensive Income for the Year</b>	<b>56,150,000</b>
<b>Available for Distribution</b>	<b>38,670,000</b>
Dividend Permanent Shares @ \$500/share (20%)	6,268,500
Statutory Reserve (20%)	7,734,000
Additional Statutory Reserve	7,000,000
Honararia Payment	4,010,000
Treasure Chest Scholarship	2,000,000
IT Enhancement	2,500,000
Building Reserve	5,000,000
<b>Total Distribution</b>	<b>34,512,500</b>
<b>Undistributed Surplus</b>	<b>4,157,500</b>



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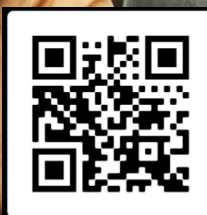
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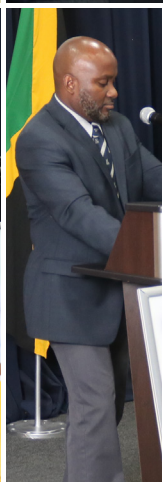


# 2022

## *Year in Review...*











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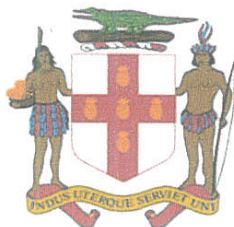
JAMAICA DEFENCE FORCE CO-OPERATIVE CREDIT UNION LTD.

# Financials

AS AT DECEMBER 31<sup>ST</sup> 2022







## DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES

### CHARITIES AUTHORITY, JAMAICA

Ministry of Industry, Investment and Commerce

2 Musgrave Avenue, Kingston 10

Jamaica, W. I.

Tel: (876) 927-4912 | 927-6572 | 978-1946

E-mail: [info@dcfs.gov.jm](mailto:info@dcfs.gov.jm)

Website: [www.dcfs.gov.jm](http://www.dcfs.gov.jm)

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

S1

R297/700/05/23

May 8, 2022

The Secretary  
JDF Co-operative Credit Union Limited  
Up Park Camp  
Kingston 5

Dear Sir/Madam:

I forward herewith the Financial Statements of your Society for the financial year ended December 31, 2022.

The Annual General Meeting (AGM) must be convened under **Regulation 19, 21 and 25 a-f** of the Co-operative Societies (Amendment) Regulations, 2021. 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 (b)** of the Co-operative Societies Regulations should be forwarded to this office.

Kindly advise the Department of the date of the Annual General Meeting, so that arrangements can be made for representation.

Yours truly,

Lavern Gibson-Eccleston (Mrs.)  
(For) Registrar of Co-operative Societies  
And Friendly Societies

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# **Jamaica Defence Force Co-operative Credit Union Limited**

Financial Statements

December 31, 2022



# Independent auditor's report

To the Registrar of Co-operative Societies  
Re: Jamaica Defence Force Co-operative Credit Union Limited  
(A society registered under the Co-operative Societies Act)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Jamaica Defence Force Co-operative Credit Union Limited ("the Credit Union"), which comprise the statements of financial position as at December 31, 2022, statement of income and expenditure, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Credit Union as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirement of 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Credit Union 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 these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Independent auditor's report (cont'd)

To the Registrar of Co-operative Societies  
Re: 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)**

#### **Key audit matters (cont'd)**

Loans and allowances for credit losses on loans

As at December 31, 2022 loans after allowances for credit losses of \$74.9 Million amounted to \$2 Billion or 66% of the total assets of the Credit Union. We consider the measurement of expected credit losses a key audit matter as there is a number of significant judgement by management, including:

- Determining the criteria for a significant increase in credit risk, which impacts the staging of the asset and the related calculation, ie. one year or lifetime expected loss calculations.
- Determining the relevant inputs and techniques included in the expected credit loss model utilised in probability of default (PD), loss given default (LGD) and exposures at default (EAD) parameters.
- For loans and advances, a significant amount of historical data is built into the PD, LGD and EAD risk parameters.
- Use of multiple economic scenarios that are forward looking.
- Valuation of real estate property pledged as collateral for term loans: this is the most significant repayment source for credit-impaired assets.
- We evaluated the appropriateness of the Credit Union's staging and where applicable, determined whether the significant increase in credit risk and default definitions were appropriately applied.
- We obtained an understanding of management's ECL model including source data, evaluated the theoretical soundness and tested the mathematical integrity of the model. We tested reliability of source data used in the models on a sample basis by corroborating to historical data or external public information where available.
- We evaluated the appropriateness of management's judgement pertaining to forward looking information, the basis of the multiple economic scenarios used and the weighting applied to capture nonlinear losses.
- We tested the opening equity adjustments in relation to the adoption of the new standard's classification and measurement requirements.
- We performed the calculation of days past due, a key data input into the PD parameter, in the Credit Union's banking system on a sample basis.



## Independent auditor's report (cont'd)

To the Registrar of Co-operative Societies  
Re: 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)**

#### **Loans and allowances for credit losses on loans (cont'd)**

- We tested the completeness and accuracy of the historical data used by agreeing details on default rates and recovery rates. The data used for these assessments were based on the Credit Union's internal default experience segmented by loan type. For a sample of credit exposures, we agreed the critical data fields, such as origination date, maturity date, default date, principal, collateral value and cash recoveries and exposure limits, used in developing default, recovery and utilisation rates to source documents.
- For a sample of stage 3 loans we obtained an understanding of the latest developments at the borrowers and the basis of measuring the impairment provisions and considered whether key judgements were appropriate given the borrower's circumstances. We re-performed management's impairment calculation including the expected future cash flows and valuation of collateral held, and determined reasonableness of the valuation of real estate collateral with the assistance of auditors' expert.
- Based on the procedures described above, no material exceptions were noted in our assessment of the Credit Union's implementation of IFRS 9, including its provisioning in accordance with its newly adopted expected credit loss model.

#### **How our audit addressed the key audit matter**

We assessed and tested the design and operating effectiveness of the controls over impairment data and calculations. These controls included those over identification of which loans and advances were impaired. We determined we could rely on these controls for the purposes of our audit.

The criteria we used to determine if there is objective evidence of impairment included:

- Default or delinquency in interest or principal payments;
- Concessions granted to a borrower that would not otherwise be considered due to the borrower's financial difficulty.

We tested the completeness of management's listing of potentially impaired loans by reperforming the process using management's impairment criterion. Based on the testing, no adjustments were considered necessary.



## Independent auditor's report (cont'd)

To the Registrar of Co-operative Societies  
Re: 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)**

#### How our audit addressed the key audit matter (cont'd)

We evaluated the performance of the loan portfolio subsequent to the end of the reporting period to identify significant adjusting subsequent events and did not identify any such events.

#### Other information

Management is responsible for the other information. The other information comprises the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the *annual report*, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### **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 Credit Union'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 Credit Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

#### **Auditor's 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 auditor's 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.



## Independent auditor's report (cont'd)

To the Registrar of Co-operative Societies  
Re: 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)**

#### **Auditor's Responsibilities for the Audit of the financial statements (cont'd)**

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.
- 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 Credit Union'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 Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Credit Union 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 presents a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Credit Union to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



## Independent auditor's report (cont'd)

To the Registrar of Co-operative Societies  
Re: 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)**

#### **Auditor's Responsibilities for the Audit of the financial statements (cont'd)**

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Co-operative Societies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Sixto Coy.

Kingston, Jamaica

May 1, 2023

A handwritten signature in dark ink, appearing to read 'HLB Mair Russell', is written over the printed text 'Chartered Accountants'. The signature is stylized and cursive.

# Jamaica Defence Force Co-operative Credit Union Limited

## Statement of financial position

December 31, 2022

	Note	2022 \$'000	2021 \$'000
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Earning</b>			
Loans, after provision for loan losses	(4)	1,991,359	1,947,580
Financial investments	(5)	140,225	4,681
		<b>2,131,584</b>	<b>1,952,261</b>
<b>Non-Earning</b>			
Retirement benefit assets	(6)	11,554	-
Property, plant and equipment	(7)	19,489	17,369
		<b>31,043</b>	<b>17,369</b>
<b>Total non-current assets</b>		<b>2,162,627</b>	<b>1,969,630</b>
<b>Current assets</b>			
<b>Earning</b>			
Repurchase agreement	(8)	2,238	33,333
Financial investments	(5)	698,652	707,760
Loans, after provision for loan impairment	(4)	126,359	72,492
		<b>827,249</b>	<b>813,585</b>
<b>Non-earning</b>			
Bank and cash balances	(9)	35,834	253,817
Receivables and prepayments	(10)	14,400	26,724
		<b>50,234</b>	<b>280,541</b>
<b>Total current assets</b>		<b>877,483</b>	<b>1,094,126</b>
<b>Total assets</b>		<b>3,040,110</b>	<b>3,063,756</b>



# Jamaica Defence Force Co-operative Credit Union Limited


## Statement of financial position (cont'd)

December 31, 2022

	Note	2022 \$'000	2021 \$'000
<b>Capital and liabilities</b>			
<b>Capital</b>			
Members' permanent share capital	(11)	34,799	31,820
Institutional capital	(12)	344,246	326,504
Non-institutional capital	(13)	210,126	169,030
Undistributed surplus		300,331	322,026
<b>Total capital</b>		<b>889,502</b>	<b>849,380</b>
<b>Liabilities</b>			
<b>Non-current</b>			
<b>Interest bearing</b>			
Retirement benefit liability	(6)	-	4,683
Members' voluntary shares	(14)	608,462	616,591
External credits	(15)	250	450
Savings deposit	(16)	436,843	696,781
<b>Total non-current liabilities</b>		<b>1,045,555</b>	<b>1,318,505</b>
<b>Current</b>			
<b>Interest bearing</b>			
Member's voluntary shares	(14)	124,625	133,987
External credit	(15)	200	200
Savings deposits	(16)	812,503	621,485
		<b>937,328</b>	<b>755,672</b>
<b>Non-interest bearing</b>			
Accounts payable and accruals	(17)	164,661	137,135
Deferred income	(18)	3,064	3,064
		<b>167,725</b>	<b>140,199</b>
<b>Total current liabilities</b>		<b>1,105,053</b>	<b>895,871</b>
<b>Total liabilities</b>		<b>2,150,608</b>	<b>2,214,376</b>
<b>Total capital and liabilities</b>		<b>3,040,110</b>	<b>3,063,756</b>

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

Approved for issue by the Board of Directors on May 1, 2023 and signed on its behalf by:

 ) President  
Cdr. Aceion Prescott

 ) Treasurer  
Ex-WO2 Everton Hay

# Jamaica Defence Force Co-operative Credit Union Limited

## Statement of income and expenditure

Year ended December 31, 2022

	Note	2022 \$'000	2021 \$'000
<b>Interest income</b>			
Members' loans		254,001	271,439
Investments		29,300	18,014
		<b>283,301</b>	<b>289,453</b>
<b>Interest expense</b>			
Interest on members' deposits		(40,395)	(39,381)
Interest on voluntary shares		(13,327)	(15,399)
		<b>(53,722)</b>	<b>(54,780)</b>
<b>Net interest income</b>		<b>229,579</b>	<b>234,673</b>
<b>Net movement on loan impairment provision</b>	(4c)	(9,652)	(24,270)
<b>Net interest income after loan impairment provision</b>		<b>219,927</b>	<b>210,403</b>
<b>Non-interest income</b>			
Fees and other income		70,125	63,968
		<b>70,125</b>	<b>63,968</b>
<b>Net interest and other income</b>		<b>290,052</b>	<b>274,371</b>
Less: Operating expenses	(19)	(251,382)	(184,125)
<b>Surplus for the year</b>		<b>38,670</b>	<b>90,246</b>

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



# Jamaica Defence Force Co-operative Credit Union Limited

## Statement of other comprehensive income

Year ended December 31, 2022

		2022 \$'000	2021 \$'000
<b>Surplus for the year (page 9)</b>		38,670	90,246
<b>Other comprehensive income:</b>			
Actuarial loss on defined benefit plan	(6)	17,480	(12,429)
<b>Total comprehensive income for the year</b>		<b>56,150</b>	<b>77,817</b>

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

# Jamaica Defence Force Co-operative Credit Union Limited

## Statement of changes in equity

Year ended December 31, 2022

	Permanent Share Capital \$'000	Non- Institutional Capital \$'000	Institutional Capital \$'000	Undistributed Surplus \$'000	Total \$'000
<b>Balance at December 31, 2021</b>	<b>31,820</b>	<b>169,030</b>	<b>326,504</b>	<b>322,026</b>	<b>849,380</b>
Surplus for the year	-	-	-	38,670	38,670
<b>Other comprehensive income</b>					
Actuarial loss on defined benefit plan	-	17,480	-	-	17,480
Total comprehensive income for the year	-	17,480	-	38,670	56,150
<b>Transaction with owners:</b>					
20% statutory reserve	-	-	7,734	(7,734)	-
Retirement benefit asset reserve	-	(1,243)	-	1,243	-
Dividends credited to members	-	-	-	(5,590)	(5,590)
Share capital issued	2,979	-	-	-	2,979
Transfer to institutional capital	-	-	10,000	(10,000)	-
Transfer of capital expenditure	-	15,000	-	(15,000)	-
Loan loss reserve	-	12,774	-	(12,774)	-
Transfer of Honorarium	-	-	-	(4,010)	(4,010)
Transfer of Scholarship	-	-	-	(1,500)	(1,500)
Transfer of IT Enhancement	-	-	-	(5,000)	(5,000)
Share transfer	-	(3,367)	-	-	(3,367)
Entrance fees	-	-	8	-	8
Increase in market value of equities	-	452	-	-	452
<b>Balance at December 31, 2022</b>	<b>2,979</b>	<b>23,616</b>	<b>17,742</b>	<b>(60,365)</b>	<b>(16,028)</b>
	<b>34,799</b>	<b>210,126</b>	<b>344,246</b>	<b>300,331</b>	<b>889,502</b>

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



# Jamaica Defence Force Co-operative Credit Union Limited

## Statement of changes in equity

Year ended December 31, 2022

	Permanent Share Capital \$'000	Non- Institutional Capital \$'000	Institutional Capital \$'000	Undistributed Surplus \$'000	Total \$'000
<b>Balance at December 31, 2020</b>	<b>28,283</b>	<b>190,058</b>	<b>298,357</b>	<b>283,897</b>	<b>800,595</b>
Surplus for the year as previously stated	-	-	-	84,920	84,920
Transfer of Honorarium	-	-	-	3,826	3,826
Transfer of Scholarship	-	-	-	1,500	1,500
<b>Surplus as restated</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90,246</b>	<b>90,246</b>
<b>Other comprehensive income</b>					
Actuarial loss on defined benefit plan	-	(12,429)	-	-	(12,429)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(12,429)</b>	<b>-</b>	<b>90,246</b>	<b>77,817</b>
<b>Transaction with owners:</b>					
20% statutory reserve	-	-	18,049	(18,049)	-
Retirement benefit asset reserve	-	152	-	(152)	-
Dividends credited to members	-	-	-	(5,590)	(5,590)
Share capital issued	3,537	-	-	-	3,537
Transfer to institutional capital	-	-	10,000	(10,000)	-
Transfer of capital expenditure	-	(9,559)	-	(13,000)	(22,559)
Transfer of Honorarium	-	-	-	(1,500)	(1,500)
Transfer for Scholarship	-	-	-	(3,826)	(3,826)
Entrance fees	-	-	98	-	98
Increase in market value of equities	-	808	-	-	808
<b>Balance at December 31, 2021</b>	<b>3,537</b>	<b>(8,599)</b>	<b>28,147</b>	<b>(52,117)</b>	<b>(29,032)</b>
	<b>31,820</b>	<b>169,030</b>	<b>326,504</b>	<b>322,026</b>	<b>849,380</b>

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

# Jamaica Defence Force Co-operative Credit Union Limited

## Statement of cash flows

Year ended December 31, 2022

	Note	2022 \$'000	2021 \$'000
<b>Cash flows from operating activities:</b>			
Surplus for the year		38,670	84,920
Interest income		(283,301)	(289,453)
Interest expense		53,722	54,780
Depreciation	(7)	3,557	4,143
Employee benefit asset		(1,243)	(152)
Provision for loan losses	(4c)	9,652	(2,489)
		<b>(178,943)</b>	<b>(148,251)</b>
Interest received		283,301	289,453
Interest paid		(53,722)	(54,780)
Loans to members		(107,298)	59,302
Other assets		12,324	(12,236)
Deferred income		-	-
Accounts payables and accruals		25,526	6,500
<b>Net cash provided by operating activities</b>		<b>(16,812)</b>	<b>139,988</b>
<b>Cash flows from investing activities:</b>			
Purchase property, plant and equipment	(7)	(5,677)	(1,718)
Investments		(95,341)	17,775
<b>Net cash provided by/(used) in investing activities</b>		<b>(101,018)</b>	<b>16,057</b>
<b>Cash flows from financing activities:</b>			
External credit		(200)	(200)
Savings deposit		(68,920)	42,342
Members' shares		(17,491)	(16,439)
Share capital issued		2,979	3,537
Transfer of capital reserve		(10,939)	(22,559)
Entrance fees		8	98
Dividends		(5,590)	(5,590)
<b>Net cash provided by financing activities</b>		<b>(100,153)</b>	<b>1,189</b>
<b>Net increase in bank and cash balances</b>		<b>(217,983)</b>	<b>157,234</b>
<b>Bank and cash balances at beginning of year</b>		<b>253,817</b>	<b>96,583</b>
<b>Bank and cash balances at end of year</b>	(9)	<b>35,834</b>	<b>253,817</b>

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



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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the financial statements

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December 31, 2022

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### 1. General information and nature of operations

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

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

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

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

### 2. Regulation

The Co-operative Societies Act requires, amongst other provisions, that at least twenty percent (20%) of the net surplus of the Credit Union be transferred to a reserve fund each year. Section 59 of the Act provides for the exemption from income tax and stamp duty for the Credit Union.

### 3. Summary of significant accounting policies

The Credit Union’s financial statements have been prepared on an accrual basis and under the historical cost convention except for the revaluation of properties and equity investments.

#### a Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### Changes in accounting policies

##### New and revised standards that are effective during the current year

Certain new and amended standards and interpretations to existing standards have been published and became effective during the current financial year. The Bank has assessed the relevance of all such new standards, interpretations and amendments and determined that the following are relevant to the Credit Union.

**Amendments to IAS 1 and IAS 8 on the definition of material.** These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

**Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 16 and IFRS 7- Interest rate benchmark reform.** These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

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### 3. Summary of significant accounting policies (cont'd)

#### a Basis of preparation (cont'd)

##### **Standards, amendments and interpretations issued but not yet effective and have not been early adopted by the Credit Union**

At the date of approval of these financial statements, certain new standards amendments and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the Credit Union.

Management anticipates that all relevant pronouncements will be adopted in the Credit Union's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not early adopted or listed below are not expected to have a material impact on the Credit Union's financial statements.

**Amendments to IAS 1, Presentation of financial statements', on classification of liabilities,** (effective for annual periods beginning on or after January 1, 2022). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

**A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9 and IFRS 16,** (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments' and the Illustrative examples accompanying IFRS 16, 'Leases'.

**Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8,** (effective for annual periods beginning on or after January 1, 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.



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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

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Year ended December 31, 2022

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### 3. Summary of significant accounting policies (cont'd)

#### b 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 3(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.

(iii) Depreciation

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

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

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

#### c Fee income

Fee income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Co-operative recognises revenue when it transfers control over a service to a customer. Fee income are recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Co-operative's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Co-operative first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Fee income was recognised when the related service was provided.

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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

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### 3. Summary of significant accounting policies (cont'd)

#### d Foreign currency translation:

##### *Functional and presentation currency*

The financial statements are prepared and presented in Jamaican dollars, which is the functional currency of the company.

##### *Foreign currency translations and balances*

- (i) Foreign currency balances at the date of the statement of financial position have been translated at rates of exchange ruling at that date;
- (ii) Transactions in foreign currency are converted at rates of exchange ruling at the dates of those transactions;
- (iii) Gains/losses arising from fluctuations in exchange rates are included in the Statement of comprehensive income.

#### e Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing instruments on an accrual basis, using the effective yield method, based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discounts or premiums on discounted instruments.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Credit Union estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Where collection of interest income is considered doubtful, the related financial instruments are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the impairment loss.



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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

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Year ended December 31, 2022

### 3. Summary of significant accounting policies (cont'd)

#### **f Fees and other income**

Fees and other income are recognised on an accruals basis. Loan origination fees are deferred and are recognised over the life of the loan, as an adjustment to the effective yield on the loans.

#### **g Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Credit Union incurs an obligation, which is typically when the related goods are sold.

#### **h Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The Credit Union's financial assets comprise investments, cash and bank balances and receivables.

Financial liabilities

The Credit Union's financial liabilities comprise payables and due to related parties.

##### **(i) Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Credit Union becomes a party to the contractual provisions of the financial instrument.

Financial assets and derecognised when the contractual rights to receive cash flows from the financial assets expired or have been transferred and the Credit Union has transferred substantially all the risks and rewards of ownership.

##### **(ii) Classification and measurement of financial assets**

At initial recognition, the company measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial assets.

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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

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Year ended December 31, 2022

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### 3. Summary of significant accounting policies (cont'd)

#### h Financial instruments (cont'd)

##### (ii) Classification and measurement of financial assets (cont'd)

Subsequent measurement of debt instruments depends on the Credit Union's business model for managing the asset and the cash flow characteristics of the asset. There are the three measurement categories for debt instruments under IFRS 9:

- Amortised cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets using the effective interest rate method is included in other operating income together with foreign exchange gains and losses. Any gain or loss on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as a separate line item in the statement of profit or loss.
- Fair value through other comprehensive income (FVOCI) - Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial is included in other operating income using the effective interest rate method. Foreign exchange gains and losses are presented in other operating income and impairment expenses are presented as a separate line item in the statement of profit or loss.

##### *Equity instruments*

The Credit Union subsequently measures all equity investments at fair value. The Credit Union's management has elected to present fair value gains or losses on equity investments in OCI. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other operating income when the Credit Union's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

- Fair value through profit or loss (FVPL) - Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net in the statement of profit or loss within other gains/(losses) in the period in which it arises.



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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

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Year ended December 31, 2022

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### 3. Summary of significant accounting policies (cont'd)

#### h Financial instruments (cont'd)

##### (iii) Impairment

The Credit Union assesses on a forward-looking basis the expected credit losses associated with its financial instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

In applying this forward-looking approach, a distinction is between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credited quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

For loan, trade and other receivables, the Credit Union applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

##### (iv) Financial liabilities

The Credit Union's financial liabilities are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method. At the balance sheet date, the following items were classified as financial liabilities: payables, borrowings, due to related parties and due to shareholders.

#### i Reverse repurchase agreements:

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

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

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

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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

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### 3. Summary of significant accounting policies (cont'd)

#### j Accounts receivable

Accounts receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on all outstanding amounts at year end. Bad debts are written off in the year in which they are identified.

#### k Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and at bank and deposits with original maturities of less than 90 days.

#### l Borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

#### m Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.



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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

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Year ended December 31, 2022

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### 3. Summary of significant accounting policies (cont'd)

#### n Employee benefits

##### (i) Pension plan

The Credit Union participates in a multi-employer defined benefit pension plan. The pension plan is generally funded by payments from employees and by the participating Credit Unions, taking into account the recommendations of independent qualified actuaries.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The asset or liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the statement of comprehensive income.

##### (ii) Termination benefits

Termination benefits are payable when employment is terminated by the Credit Union before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Credit Union recognises termination benefits at the earlier of the following dates: (a) when the Credit Union can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

#### o Accounts payable

Accounts payable are initially recorded at fair value and subsequently stated at amortised cost using the effective interest method.

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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

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### 3. Summary of significant accounting policies (cont'd)

#### **p Provisions**

Provisions are recognised when the Credit Union has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

#### **q Members' voluntary shares**

Members' voluntary shares represent withdrawable deposit holdings of the Credit Union's members to facilitate eligibility for loans and other benefits. Interest paid on these shares are determined at the discretion of the Credit Union and reported as interest expense in the statement of comprehensive income in the period in which they are approved.

#### **r Members' permanent share capital**

Members' permanent share capital represents shares paid up in cash and form part of the risk capital of the Credit Union. Members' permanent share capital may be redeemable subject to the sale, transfer or repurchase of such shares. Dividends on members' permanent share capital are recognised in members' voluntary shares in the period in which they are approved by the Credit Union's members.

#### **s Institutional capital**

Institutional capital includes the statutory reserve fund, as well as various other reserves established from time to time which, in the opinion of the directors, are necessary to support the operations of the Credit Union and, thereby, protect the interest of the members. These reserves are not available for distribution to members.

#### **t Non-institutional capital**

Non-institutional capital includes various reserves established from time to time which, in the opinion of the directors, are necessary to support the operations of the Credit Union.

#### **u Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.



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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

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### 3. Summary of significant accounting policies (cont'd)

#### v Leases

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. Receipts under operating leases are credited to the statement of comprehensive income on a straight-line basis over the period of the lease.

#### w Critical accounting estimates and judgements in accounting policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Credit Union makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### Pension and post-retirement benefits

The cost of these benefits and the net present value of the pension and the other post-retirement liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net periodic cost (income) for pension and post-retirement benefits include the expected long-term rate of return on the relevant plan assets and discount rate. Any changes in these assumptions will impact the net periodic cost (income) recorded for pension and post-retirement benefits and may affect Planned funding of the pension plans.

The expected return on plan assets assumption is determined on a uniform basis, considering long term historical returns, asset allocation and future estimates of long-term investment returns. The actuaries determine the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-retirement benefit obligations. Other key assumptions for the pension and post-retirement benefits cost and credits are based in part on data supplied by the Jamaica Co-operative Credit Union League as well as on current market conditions.

# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 4. Loans, after provision for expected credit losses

#### (a) Movement in loans during the year

	2022 \$'000	2021 \$'000
Balance at the beginning of the year	2,095,010	2,154,312
Add: Disbursement during the year	1,536,865	1,297,238
	<b>3,631,875</b>	<b>3,451,550</b>
Less: Repayment	(1,429,567)	(1,356,540)
	<b>2,202,308</b>	<b>2,095,010</b>
Less: Expected credit losses	(84,590)	(74,938)
	<b>2,117,718</b>	<b>2,020,072</b>
Less: Current portion	(126,359)	(72,492)
<b>Total</b>	<b>1,991,359</b>	<b>1,947,580</b>

#### (b) Expected credit losses

	2022 \$'000	2021 \$'000
Provision for impairment at beginning of year	74,938	77,427
Increase/(decrease) amounts provided for during the year	9,652	(2,489)
Provision for impairment at end of year	<b>84,590</b>	<b>74,938</b>

Expected credit loss includes provisions of approximately \$8M for disbursement of funds, that were not authorised.

#### (c) Net movement on loan loss provision during the year:

	2022 \$'000	2021 \$'000
Increase/(decrease) in loan loss provision	9,652	(2,489)
Loan written-off that were not previously provided for	-	26,759
<b>Balance at end of year</b>	<b>9,652</b>	<b>24,270</b>

#### (d) Delinquent loans

At December 31, 2022, there were two hundred and eighty eight (288) (2021 – one hundred and thirty-eight (138)) delinquent loans aged as disclosed below. At minimum, the total loan provision derived below is consistent with the loan loss provisioning rules of the League. The total provision for 2022 and 2021 was not in excess of the provision required under IFRS provisioning rules as indicated in Note 6(e) below.



# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 4. Loans, after provision for expected credit losses (cont'd)

These loans are summarised as follows:

2022						
Number of Months in Arrears	Total number of loans	Delinquent loans \$	Savings held against loans \$	Exposure \$	Rates %	PEARLS Provision Required \$
Less than 2	30	8,261	-	8,261	-	-
2 to 3	14	6,662	-	6,662	10	666
3 to 6	36	10,119	-	10,119	30	3,036
6 to 12	65	29,059	-	29,059	60	17,435
Over 365	143	76,227	-	76,227	100	76,227
<b>Total</b>	<b>288</b>	<b>130,328</b>	<b>-</b>	<b>130,328</b>		<b>97,364</b>

2021						
Number of Months in Arrears	Total number of loans	Delinquent loans \$	Savings held against loans \$	Exposure \$	Rates %	PEARLS Provision Required \$
Less than 2	17	6,245	-	6,245	-	-
2 to 3	6	877	-	877	10	88
3 to 6	23	11,854	-	11,854	30	3,556
6 to 12	53	16,882	-	16,882	60	10,129
Over 365	39	50,414	-	50,414	100	50,414
<b>Total</b>	<b>138</b>	<b>86,272</b>	<b>-</b>	<b>86,272</b>	<b>-</b>	<b>64,187</b>

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

	2022 \$'000	2021 \$'000
Within 1 – 3 months	51,192	12,704
From 3 months to 1 year	75,167	59,788
From 1 year to 5 years	1,365,995	1,363,642
Over 5 years	709,954	583,938
<b>Total</b>	<b>2,202,308</b>	<b>2,020,072</b>

As the IFRS provision is below the provisioning requirements of JCCUL, an appropriation of undistributed surplus to the loan loss reserve of \$12,774,000 was done.

# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 5. Financial investments

	2022 \$'000	2021 \$'000
<b>Non-current, at fair value through other comprehensive income</b>		
JCCUL – Shares unquoted	139,998	4,454
Shares – Quality Network Co-operative	227	227
	<b>140,225</b>	<b>4,681</b>
<b>Current - Fair value through profit or loss</b>		
VMBS Mortgage Fund	2,946	2,779
Barita Unit Trust	18,498	18,056
JMMB Fund	2,366	2,357
VMBS Wealth Management	250,000	200,000
Credit Union Fund Management Company	41,178	335,796
	<b>314,988</b>	<b>558,988</b>
<b>Amortised cost</b>		
JCCUL Cuet	70,676	9,737
Mortgage funds	14,165	13,815
Barita Investments	90,144	60,220
JMMB	30,000	15,000
Cumax	117,275	50,000
JCCUL demands deposits	61,404	-
	<b>383,664</b>	<b>148,772</b>
<b>Total current</b>	<b>698,652</b>	<b>707,760</b>
<b>Total</b>	<b>838,877</b>	<b>712,441</b>

### 6. Retirement benefit (liability)/asset

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 5%-8% of the employee's taxable remuneration, taking into account the recommendations of independent qualified actuaries.

#### Asset recognised in the statement of financial position

	2022 \$'000	2021 \$'000
Present value of funded obligation	(70,490)	(111,784)
Fair value of plan assets	112,574	107,101
Change in effect asset ceiling	(30,530)	-
<b>(Liability)/asset recognised in the statement of financial position</b>	<b>11,554</b>	<b>(4,683)</b>



# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 6. Retirement benefit (liability)/asset (cont'd)

The movement in the defined benefit asset during the year is as follows:

	2022 \$'000	2021 \$'000
Balance at beginning of year	(4,683)	7,593
Employer's contributions	4,597	4,042
Benefits paid	(5,840)	(3,889)
Re-measurement loss recognised in other comprehensive income	17,480	(12,429)
<b>Balance at end of year</b>	<b>11,554</b>	<b>(4,683)</b>

The movement in the defined benefit obligation over the year is as follows:

	2022 \$'000	2021 \$'000
Balance at beginning of year	(111,784)	(88,872)
Current service cost	(13,928)	(12,195)
Employees contribution	(3,425)	(2,817)
Benefits paid	2,023	659
	<b>(127,114)</b>	<b>(103,225)</b>
Re-measurements		
Gain from changes in demographic assumptions	67,000	(4,022)
Experience gains	(10,376)	(4,537)
	<b>56,624</b>	<b>(8,559)</b>
<b>Balance at end of year</b>	<b>(70,490)</b>	<b>(111,784)</b>

Changes in the fair value of plan assets

	2022 \$'000	2021 \$'000
Balance at beginning of year	107,101	96,465
Contributions paid	8,021	6,860
Interest income on plan assets	8,808	8,962
Administrative expense	(720)	(656)
Remeasurement loss	(8,613)	(3,871)
Benefits paid	(2,023)	(659)
<b>Changes in the fair value of plan assets at end of year</b>	<b>112,574</b>	<b>107,101</b>

Change in effect of asset ceiling

Change in effect of asset ceiling	(30,530)	-
	<b>(30,530)</b>	<b>-</b>

# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 6. Retirement benefit (liability)/asset (cont'd)

Plan assets are comprised as follows:

	2022 \$'000	2022 %	2021 \$'000	2021 %
J\$ Debentures	37,039	32.90	27,844	26.00
Repurchase Agreements	10,620	9.43	9,570	8.94
Investment properties	25,006	22.21	24,435	22.81
US\$ Debentures	8,072	7.17	14,116	13.18
Certificates of deposit	-	-	892	0.83
Quoted equities	24,980	22.19	24,773	23.13
Real estate investment trust fund	1,391	1.24	1,206	1.13
Unit Trust	6,132	5.45	5,700	5.32
Other	(666)	(0.59)	(1,435)	(1.34)
	<b>112,574</b>	<b>100</b>	<b>107,101</b>	<b>100</b>

The amounts recognised in the net surplus are as follows:

	2022 \$'000	2021 \$'000
Current service cost	5,067	4,226
Interest cost on obligation	8,861	7,969
Administrative expenses	720	656
Interest income (net)	(8,808)	(8,961)
<b>Total, included in staff costs (Note 19)</b>	<b>5,840</b>	<b>3,890</b>

Movements in the amounts recognised in other comprehensive income:

	2022 \$'000	2021 \$'000
Re-measurement (loss)/gain on obligation	(56,623)	8,558
Re-measurement (loss)/gain on plan assets	8,613	3,871
Change in effect of asset ceiling	30,530	-
<b>Liability/(asset) at end of year</b>	<b>(17,480)</b>	<b>12,429</b>

The significant actuarial assumptions used were as follows:

	2022 %	2021 %
Discount rate	13	8
Future salary increases	7.5	5.5
Expected pension increase	5.5	3.75
Price inflation (CPI)	5.5	5

# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 6. Retirement benefit (liability)/asset (cont'd)

Sensitivity analysis of key economic assumptions:

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

Impact on Post-employment obligations					
		2022		2021	
	Change in assumption %	Increase in assumption \$'000	Decrease in assumption \$'000	Increase in assumption \$'000	Decrease in assumption \$'000
Discount rate	1	(11,310)	15,082	(22,887)	30,886
Future salary increases	1	6,856	(5,759)	13,590	(11,460)
Expected pension increase	1	7,252	(6,053)	14,418	(11,959)

This analysis assumes that all other variables remain constant.

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

	2022 \$'000	2021 \$'000
Life expectancy	1,540	3,100

The liability duration for each category of Member as at the current and prior period measurement dates is shown below:

Category of Participant	Liability duration (years)	
	2022 \$'000	2021 \$'000
Active Members	22.3	26.6
Deferred Pensioners	16.1	17.8
Retirees	8.5	10.0
All Participants	20.9	24.9



## Jamaica Defence Force Co-operative Credit Union Limited

### Notes to the Financial Statements

Year ended December 31, 2022

#### 7. Property, plant and equipment

The carrying amounts for property and equipment for the years included in these financial statements as at December 31, 2022 can be analysed as follows:

	Motor Vehicles \$'000	Furniture & Fixtures \$'000	Computer \$'000	Equipment \$'000	Containers \$'000	Leasehold improvement \$'000	Generator \$'000	Total \$'000
<b>Gross carrying amount</b>								
Balance at December 31, 2021	8,675	5,287	8,065	9,441	8,652	8,938	2,506	51,564
Additions	-	2,655	1,566	1,456	-	-	-	5,677
<b>Balance at December 31, 2022</b>	<b>8,675</b>	<b>7,942</b>	<b>9,631</b>	<b>10,897</b>	<b>8,652</b>	<b>8,938</b>	<b>2,506</b>	<b>57,241</b>
<b>Depreciation</b>								
Balance at December 31, 2021	(1,575)	(3,774)	(5,118)	(8,537)	(7,919)	(5,339)	(1,933)	(34,195)
Charge for the year	(651)	(213)	(786)	(980)	(262)	(418)	(247)	(3,557)
<b>Balance at December 31, 2022</b>	<b>(2,226)</b>	<b>(3,987)</b>	<b>(5,904)</b>	<b>(9,517)</b>	<b>(8,181)</b>	<b>(5,757)</b>	<b>(2,180)</b>	<b>(37,752)</b>
<b>Carrying amount at December 31, 2022</b>	<b>6,449</b>	<b>3,955</b>	<b>3,727</b>	<b>1,380</b>	<b>471</b>	<b>3,181</b>	<b>326</b>	<b>19,489</b>

# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 7. Property, plant and equipment (cont'd)

	Motor Vehicles \$'000	Furniture & Fixtures \$'000	Computer \$'000	Equipment \$'000	Containers \$'000	Leasehold improvement \$'000	Generator \$'000	Total \$'000
<b>Gross carrying amount</b>								
Balance at December 31, 2020	8,675	5,125	7,203	8,747	8,652	8,938	2,506	49,846
Additions	-	162	862	694	-	-	-	1,718
<b>Balance at December 31, 2021</b>	<b>8,675</b>	<b>5,287</b>	<b>8,065</b>	<b>9,441</b>	<b>8,652</b>	<b>8,938</b>	<b>2,506</b>	<b>51,564</b>
<b>Depreciation</b>								
Balance at December 31, 2020	(924)	(3,561)	(4,207)	(7,460)	(7,293)	(4,921)	(1,686)	(30,052)
Charge for the year	(651)	(213)	(911)	(1,077)	(626)	(418)	(247)	(4,143)
<b>Balance at December 31, 2021</b>	<b>(1,575)</b>	<b>(3,774)</b>	<b>(5,118)</b>	<b>(8,537)</b>	<b>(7,919)</b>	<b>(5,339)</b>	<b>(1,933)</b>	<b>(34,195)</b>
<b>Carrying amount at December 31, 2021</b>	<b>7,100</b>	<b>1,513</b>	<b>2,947</b>	<b>904</b>	<b>733</b>	<b>3,599</b>	<b>573</b>	<b>17,369</b>

# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 8. Repurchase agreement

	2022 \$'000	2021 \$'000
Jamaica Money Market Brokers Limited	2,238	33,333
<b>Total</b>	<b>2,238</b>	<b>33,333</b>

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

### 9. Bank and cash balances

	2022 \$'000	2021 \$'000
Cash in hand	9,498	4,101
Bank account balance	26,336	249,716
<b>Total</b>	<b>35,834</b>	<b>253,817</b>

### 10. Receivables and prepayments

	2022 \$'000	2021 \$'000
Withholding tax recoverable	2,765	2,799
Interest receivable	287	497
Other receivable	7,468	21,209
Prepaid expenses	3,880	2,219
<b>Total</b>	<b>14,400</b>	<b>26,724</b>

### 11. Members' permanent share capital

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



# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 12. Institutional capital

	2022 \$'000	2021 \$'000
Statutory reserve	309,278	291,544
Capital reserve	34,078	34,078
	<b>343,356</b>	<b>325,622</b>
Entrance fees	890	882
<b>Total</b>	<b>344,246</b>	<b>326,504</b>

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

#### Statutory reserve

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

#### Capital reserve

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

### 13. Non-Institutional capital

	2022 \$'000	2021 \$'000
Other reserve	41,953	41,953
Building reserve	53,105	38,104
General reserve	2,726	2,726
Employee benefit reserve	11,554	(4,683)
Unsecured loans reserve	97,774	85,000
Investment reserve	6,414	5,961
Shares transfer	(3,399)	(31)
<b>Total</b>	<b>210,127</b>	<b>169,030</b>

#### Building reserve

This reserve represents an amount set aside for the construction of a 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.

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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

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Year ended December 31, 2022

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### 13. Non-Institutional capital (cont'd)

#### 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 to or from the surplus 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.

### 14. Members' voluntary shares

	2022 \$'000	2021 \$'000
Balance at the beginning of the year	750,578	767,017
Add: New deposits	1,581,637	1,564,517
	<b>2,332,215</b>	<b>2,331,534</b>
Less: Withdrawals and transfers	(1,599,128)	(1,580,956)
	<b>733,087</b>	<b>750,578</b>
Less: Current portion	(124,625)	(133,987)
<b>Total</b>	<b>608,462</b>	<b>616,591</b>

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 utilise the products and services of the Co-operative as determined by the Board of Directors from time to time.

# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 15. External credits

	2022 \$'000	2021 \$'000
Development Bank of Jamaica – Energy loan	450	650
Less: Current portion	(200)	(200)
<b>Total</b>	<b>250</b>	<b>450</b>

This represents loans from The Development Bank of Jamaica. These loans bear interest at 6.5% and are repayable up to 96 months after disbursement.

### 16. Savings deposits

	2022 \$'000	2021 \$'000
Term deposits	198,649	225,210
SHYDA deposits	573,876	571,465
Regular deposits	245,513	246,112
Partner plan	87,426	88,082
SWYS Plus	80,846	94,483
Christmas special	2,815	3,233
Golden Harvest	60,221	89,681
	<b>1,249,346</b>	<b>1,318,266</b>
Less: Current portion	(812,503)	(621,485)
<b>Total</b>	<b>436,843</b>	<b>696,781</b>

### 17. Accounts payables and accruals

	2022 \$'000	2021 \$'000
IT enhancements	7,946	7,079
Withholding tax	520	313
Audit fees	2,859	2,884
Other payables	100,372	62,306
Accruals	30,831	40,999
Deceased members deposits	5,480	5,480
Standing order	9,146	7,180
Online ATM payable	7,100	10,317
Scholarship fund	407	577
<b>Total</b>	<b>164,661</b>	<b>137,135</b>

### 18. Deferred income

Deferred income includes an amount received from the Stabilisation Fund maintained by JCCUL to assist Credit Unions with the cost in respect of implementation of IFRS 9 and Transaction Monitoring Software.

	2022 \$'000	2021 \$'000
Balance at beginning of the year	3,064	3,064
<b>Balance at end of year</b>	<b>3,064</b>	<b>3,064</b>



# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 18. Deferred income (cont'd)

The amount held as deferred income is earmarked to be used for IFRS 9 related expenses since 2021, which will be subsequently transferred to profit or loss to offset any costs incurred. Additional amounts held in deferred income relate to amounts received to support the implementation of a Transaction Monitoring Software.

### 19. Operating expenses

	2022 \$'000	2021 \$'000
<b>Staff costs</b>		
Salaries, allowances and contributions	132,760	104,260
Statutory deductions	12,390	9,550
Staff training	1,380	804
Pension cost	7,490	4,712
	<b>154,020</b>	<b>119,326</b>
<b>General overheads</b>		
Administrative	20,183	9,052
Audit fees	2,660	2,535
Depreciation	3,557	4,143
Electricity	3,128	3,468
Insurance premiums	3,788	4,174
Office expense	5,849	1,441
Professional and accounting fees	11,549	2,450
Printing, stationery and postage	3,135	1,960
Repairs and maintenance	8,493	7,671
Travel and subsistence	1,280	1,223
Telephone, cable, postage and telegram	4,027	3,034
Finance cost	602	503
<b>Total administrative expenses</b>	<b>68,251</b>	<b>41,654</b>
<b>Representation and affiliation</b>		
League fees and other fees	6,061	5,835
Board and committee meetings	10,269	8,070
Annual general meeting	3,985	3,042
Stabilisation dues	2,586	1,536
<b>Total representation and affiliation expenses</b>	<b>22,901</b>	<b>18,483</b>
<b>Marketing and promotion</b>		
Advertising and promotion	5,723	4,566
Donations	510	11
<b>Total marketing and promotion expenses</b>	<b>6,233</b>	<b>4,577</b>
<b>Other operating expense</b>		
Foreign exchange (gain)/loss	(23)	85
<b>Total other operating expense</b>	<b>(23)</b>	<b>85</b>
<b>Total operating expenses</b>	<b>251,382</b>	<b>184,125</b>

# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 20. 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:

2022			
	Number	Loans \$'000	Shares and deposits \$'000
Staff	22	76,707	26,853
Volunteers	13	2,911	22,557
2021			
	Number	Loans \$'000	Shares and deposits \$'000
Staff	22	84,556	38,090
Volunteers	19	36,098	20,728

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.

### 21. Related party transactions and balances

(a) 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 20.

(b) Key management compensation

	2022 \$'000	2021 \$'000
Salaries and other short-term employee benefits	33,079	29,429
<b>Total</b>	<b>33,079</b>	<b>29,429</b>

### 22. Insurance

The Co-operative maintained life, savings and loan protection insurance coverage during the year. Premiums of \$3,788,000 (2021 - \$4,174,000), which includes fidelity insurance coverage, were paid during the year.

# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 23. Comparison of ledger balances

2022			
	Members deposits \$'000	Loans, Gross \$'000	Members' savings voluntary shares \$'000
General ledger	1,249,346	2,202,308	733,087
Members' ledger	1,249,346	2,202,308	733,087
<b>Differences as at December 31, 2022</b>	-	-	-
2021			
	Members deposits \$'000	Loans, Gross \$'000	Members' savings voluntary shares \$'000
General ledger	1,318,266	2,095,010	750,578
Members' ledger	1,318,266	2,095,010	750,578
<b>Differences as at December 31, 2021</b>	-	-	-

### 24. Risk management policies

The Credit Union's activities expose it to a variety of financial risks in respect of its financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Credit Union risk management is coordinated at its head office in close cooperation with the board of directors and focuses on actively securing the Credit Union's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

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.

#### a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arises mainly from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Risk and Compliance Officer who monitors price movements of financial assets on the local market. Market risk exposures are measured using sensitivity analysis. There has been no change to the Credit Union's exposure to market risk or the manner in which it manages and measures the risk.



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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

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### 24. Risk management policies (cont'd)

#### a Market risk (cont'd)

##### i Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. 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 Jamaican dollar.

##### ii Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates, and arises mainly from investments, loans and deposits.

Floating rate instruments expose the Credit Union to cash flow interest risk, whereas fixed interest rate instruments expose the Credit Union to fair value interest risk.

The Credit Union's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. The Asset and Liability Management Committee sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the management team and treasury personnel.

## Jamaica Defence Force Co-operative Credit Union Limited

### Notes to the Financial Statements

Year ended December 31, 2022

#### 24. Risk management policies (cont'd)

##### a Market risk (cont'd)

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

The following tables summarise the Credit Union's exposure to interest rate risk. It includes the Credit Union's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Average Interest Rate %	2022					Total \$'000
		Within Three Months \$'000	Three to Twelve Months \$'000	One to Five Years \$'000	Over Five Years \$'000	Non-Interest Bearing \$'000	
<b>Financial assets</b>							
<b>Earning assets</b>							
Reverse repurchase agreements	1.9	2,238	-	-	-	-	2,238
Financial investments	5.7	698,652	-	140,225	-	-	838,877
Loans, net of impairment provision	1.2	51,192	75,167	1,281,405	709,954	-	2,117,718
Non-earning assets		-	-	-	-	50,234	50,234
<b>Total financial assets</b>		<b>752,082</b>	<b>75,167</b>	<b>1,421,630</b>	<b>709,954</b>	<b>50,234</b>	<b>3,009,067</b>
<b>Interest bearing liabilities</b>							
Members' deposits	4.45	607,095	205,407	436,844	-	-	1,249,346
Members' voluntary shares	2.5	21,993	102,632	608,462	-	-	733,087
External credit	8.5	17	200	233	-	-	450
Non-interest-bearing liabilities		-	-	-	-	167,725	167,725
<b>Total financial liabilities</b>		<b>629,105</b>	<b>308,239</b>	<b>1,045,539</b>	<b>-</b>	<b>167,725</b>	<b>2,150,608</b>
<b>Total interest rate Sensitivity Gap</b>		<b>122,977</b>	<b>(233,072)</b>	<b>376,091</b>	<b>709,954</b>	<b>(117,491)</b>	<b>858,459</b>
<b>Cumulative Gap</b>		<b>122,977</b>	<b>(110,095)</b>	<b>265,996</b>	<b>975,950</b>	<b>858,459</b>	

# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 24. Risk management policies (cont'd)

#### a Market risk (cont'd)

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

		2021					
	Average Interest Rate %	Within Three Months \$'000	Three to Twelve Months \$'000	One to Five Years \$'000	Over Five Years \$'000	Non-Interest Bearing \$'000	Total \$'000
<b>Financial assets</b>							
<b>Earning assets</b>							
Reverse repurchase agreements	1.9	33,333	-	-	-	-	33,333
Financial investments	5.7	707,760	-	4,681	-	-	712,441
Loans, net of impairment provision	1.2	12,704	59,787	1,357,414	590,167	-	2,020,072
Non-earning assets		-	-	-	-	280,541	280,541
<b>Total financial assets</b>		<b>753,797</b>	<b>59,787</b>	<b>1,362,095</b>	<b>590,167</b>	<b>280,541</b>	<b>3,046,387</b>
<b>Interest bearing liabilities</b>							
Members' deposits	4.45	346,760	274,725	696,781	-	-	1,318,266
Members' voluntary shares	2.5	15,198	118,789	616,591	-	-	750,578
External credit	8.5	17	183	450	-	-	650
Non-interest-bearing liabilities		-	-	-	-	140,199	140,199
<b>Total financial liabilities</b>		<b>361,975</b>	<b>393,697</b>	<b>1,313,822</b>	<b>-</b>	<b>140,199</b>	<b>2,209,693</b>
<b>Total interest rate Sensitivity Gap</b>		<b>391,822</b>	<b>(333,910)</b>	<b>48,273</b>	<b>590,167</b>	<b>140,342</b>	<b>836,694</b>
<b>Cumulative Gap</b>		<b>391,822</b>	<b>57,912</b>	<b>106,185</b>	<b>696,352</b>	<b>836,694</b>	



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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

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Year ended December 31, 2022

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### 24. Risk management policies (cont'd)

#### a Market risk (cont'd)

Interest rate sensitivity

The Credit Union's interest-bearing financial instruments are at fixed rate therefore a change in interest rate at the reporting date would not affect income.

The Credit Union 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.

#### b Credit risk

The Credit Union takes on exposure to credit risk, which is the risk that its members or counterparties will cause a financial loss for the Credit Union by failing to discharge their contractual obligations. Credit risk is the most important risk for the Credit Union's business. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending and investment activities. There is also credit risk in financial instruments not included in the statement of financial position, such as loan commitments. The Credit Union structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty, related counterparties and industry segments.

#### *Credit review process*

The Credit Union has a credit quality review process involving regular analysis of the ability of borrowers to meet interest and capital repayment obligations.

##### (i) Loans

The Credit Union assesses the probability of default of borrowers. Exposure to credit risk is managed in part by obtaining collateral and personal guarantees. The credit quality review process allows the Credit Union to assess the potential loss as a result of the risk to which it is exposed and take corrective action.

##### (ii) Investments

The Credit Union limits its exposure to credit risk by investing mainly in liquid securities with counterparties that have high credit quality, and in Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

#### *Collateral and other credit enhancements*

The amount and type of collateral required depends on an assessment of the credit risk of the member and the size of the loan. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

- Mortgages over real estate
- Security contracts on motor vehicles
- Hypothecated financial instruments such as certificates of deposits with regulated financial institutions
- Liens on members' deposits maintained with the Credit Union

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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

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### 24. Risk management policies (cont'd)

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

Management monitors the market value of collateral, during its review of the adequacy of the provision for credit losses.

#### Loans to members and expected credit loss

The Credit Union applies the “three stage” model under IFRS 9 in measuring the expected credit losses on loans, and makes estimations about likelihood of defaults occurring, associated loans ratios, changes in market conditions, and expected future cash flows. This is measured using the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) for loans.

- Probability of Default – This represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- Exposure at Default – This represents the expected balance at default, taking into account the repayment of principal and interest from the statement of financial position date to the default event together with any expected drawdowns of committed facilities.
- Loss Given Default – The LGD represents the expected losses on the EAD given the event of default, taking into account the mitigating effect of collateral value at the time it is expected to be realised and also the time value of money.

The “three stage” model is used to categorise financial assets according to credit quality as follows:

- Stage 1 – financial assets that are not credit impaired on initial recognition or are deemed to have low credit risk. These assets generally abide by the contractual credit terms. The ECL is measured using a 12 month PD, which represents the probability that the financial asset will default within the next 12 months.
- Stage 2 – financial assets with a significant increase in credit risk (SICR) since initial recognition, but are not credit impaired. The ECL is measured using a lifetime PD.
- Stage 3 – credit impaired financial assets. The ECL is measured using a lifetime PD.

Financial assets can be transferred between the different categories depending on their relative increase in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition. Financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment.

In measuring the expected credit losses, the loan to member have been assessed on a case by case basis as they possess different credit risk characteristics. They have been grouped based on the loan type (motor vehicle, real estate, cash secured and unsecured), past due days and also according to the geographical location of customers.

# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 24. Risk management policies (cont'd)

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

The expected loss rates are based on the payment profile for customers over the past three years before December 31, 2022 and January 1, respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Bank has identified interest rate, exchange rate gross domestic product (GDP) and unemployment rates of Jamaica to be the most relevant factors and according adjusts historical loss rates for expected changes in these factors.

On the above basis the expected credit loss for loan members receivables as at December 31, 2022 and January 1, 2022 was determined as follows:

The credit quality of loans is as follows:

Loan stage	December 31, 2022		
	Total loan balance \$	Expected credit loss \$	Expected credit loss rate %
Stage 1	2,031,265	33,309	1
Stage 2	101,566	2,899	3
Stage 3	69,477	61,156	88
<b>Total</b>	<b>2,202,308</b>	<b>97,364</b>	

Loan stage	December 31, 2021		
	Total loan balance \$	Expected credit loss \$	Expected credit loss rate %
Stage 1	1,938,412	26,506	1.3
Stage 2	96,144	2,850	3
Stage 3	60,454	45,582	75
<b>Total</b>	<b>2,095,010</b>	<b>74,938</b>	

#### Impairment

The main considerations for the loan impairment assessment include whether any payments of principal or interest are overdue by more than 30 days, or there are any known difficulties in the cash flows of counterparties, or there are infringements of the original terms of the contract.

The Credit Union addresses impairment assessment individually. An impairment allowance is provided for each individual loan that is impaired with no consideration of materiality. At minimum, an impairment assessment is conducted annually.



# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 24. Risk management policies (cont'd)

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

##### Impairment (cont'd)

Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the statement of financial position date on a case-by-case basis, and are applied to all accounts with a past due date of more than 30 days. The assessment normally encompasses collateral held and the anticipated receipts for that individual account.

The loan loss provisioning rules described above focus more on credit-quality mapping of the respective delinquency periods to corresponding pre-determined percentages. In contrast, impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the statement of financial position date based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements may differ from the amount determined from the League's loan loss provisioning rules that are used for internal operational management and the Credit Union's internal provisioning method.

The table below shows loans to members and the associated IFRS impairment provision:

	<b>2022</b>	
	Loans \$'000	Impairment provision \$'000
Loans to members	<b>2,202,308</b>	<b>84,590</b>
	<b>2021</b>	
	Loans \$'000	Impairment provision \$'000
Loans to members	<b>2,095,010</b>	<b>74,938</b>

#### Maximum exposure to credit risk

Maximum exposure to credit risk before collateral held or other credit enhancements

For items on the statement of financial position, the exposures are based on net carrying amounts as reported in the statement of financial position.

The following table explains the changes in the loan loss provision between the beginning and the end of the financial year.

#### (i) Expected credit losses on loans

	<b>2022</b> <b>\$'000</b>	<b>2021</b> <b>\$'000</b>
Provision for impairment at beginning of year	74,938	77,427
(Decrease)/increase in amounts provided for during the year	9,652	(2,489)
Provision for impairment at end of year	<b>84,590</b>	<b>74,938</b>

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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

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Year ended December 31, 2022

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### 24. Risk management policies (cont'd)

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

##### (ii) Renegotiated loans

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans. As at December 2022, there were no renegotiated loans.

##### (iii) Loans

The following table summarises the Credit Union's credit exposure for loans at their carrying amounts, as categorised by the industry sectors:

	2022 \$'000	2021 \$'000
Cash secured	89,470	88,814
Motor vehicle	673,084	673,329
Real estate	142,564	179,439
Unsecured	1,297,190	1,153,428
	<b>2,202,308</b>	<b>2,095,010</b>
Loss allowance	(84,590)	(74,938)
<b>Total</b>	<b>2,117,718</b>	<b>2,020,072</b>

#### c Liquidity risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in raising funds to meet its commitments associated with financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay members and fulfil commitments to lend.

##### Liquidity risk management process

The Credit Union's liquidity risk management processes are monitored by the Treasury Committee includes:

- (i) monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash outflows and the availability of cash to meet these outflows;
- (ii) maintaining a balanced portfolio between financial investments and liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) optimising cash returns on investments;
- (iv) maintaining committed lines of credit; and
- (v) monitoring statement of financial position liquidity ratios against internal and regulatory requirements.

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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

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### 24. Risk management policies (cont'd)

#### c Liquidity risk (cont'd)

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Credit Union. It is unusual for financial institutions to ever be completely matched since business transacted is often on uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Credit Union and its exposure to changes in interest rates and exchange rates.

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 13.75% (2021 - 8%).



## Jamaica Defence Force Co-operative Credit Union Limited

### Notes to the Financial Statements

Year ended December 31, 2022

#### 24. Risk management policies (cont'd)

##### c Liquidity risk (cont'd)

Financial liabilities and assets held for managing liquidity risk.

The tables below present the cash flows receivable and payable of the Credit Union for financial liabilities and assets held for managing liquidity risk by remaining contractual maturity. The amounts disclosed in the table are the contractual undiscounted cash flows (principal and interest cash flows).

	2022					
	Within Three Months \$'000	Three to Twelve Months \$'000	One to Five Years \$'000	Over Five Years \$'000	No Specific Maturity \$'000	Total \$'000
<b>Interest bearing liabilities</b>						
Members' deposits	607,095	205,407	436,844	-	-	1,249,346
Members' voluntary shares	21,993	102,632	608,462	-	-	738,087
External credit	17	200	233	-	-	450
Non-interest-bearing liabilities	-	-	-	-	164,661	164,661
<b>Total financial liabilities</b>	<b>629,105</b>	<b>308,239</b>	<b>1,045,539</b>	<b>-</b>	<b>164,661</b>	<b>2,147,544</b>

# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 24. Risk management policies (cont'd)

#### c Liquidity risk (cont'd)

	2021					
	Within Three Months \$'000	Three to Twelve Months \$'000	One to Five Years \$'000	Over Five Years \$'000	No Specific Maturity \$'000	Total \$'000
<b>Interest bearing liabilities</b>						
Members' deposits	346,760	274,725	696,781	-	-	1,318,266
Members' voluntary shares	15,198	118,789	616,591	-	-	750,578
External credit	17	183	450	-	-	650
Non-interest-bearing liabilities	-	-	-	-	140,199	140,199
<b>Total financial liabilities</b>	<b>361,975</b>	<b>393,697</b>	<b>1,313,822</b>	<b>-</b>	<b>140,199</b>	<b>2,209,693</b>

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash and bank balances, investment securities and loans. In the normal course of business, a proportion of members' loans contractually repayable within one year will be extended. The Credit Union is also able to meet unexpected net cash outflows by selling securities and accessing overdraft facilities from its main financing institutions.

The members' voluntary shares are contractually on call except in cases where these balances are held as security for loan facilities.

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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

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### 24. Risk management policies (cont'd)

#### Off-statement of financial position items

##### d Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the Credit Union's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements.

The Credit Union's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to identify operational risk is assigned to the Board and management. This responsibility is supported by overall Credit Union standards for the management of operational risk in the following areas:

- (i) requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- (ii) requirements for the appropriate segregation of duties, including the independent authorisation of transactions
- (iii) requirements for the reconciliation and monitoring of transactions
- (iv) compliance with regulatory and other legal requirements
- (v) documentation of controls and procedures
- (vi) requirements for the reporting of operational losses and proposed remedial action
- (vii) development of contingency plans
- (viii) training and professional development
- (ix) ethical and business standards
- (x) risk mitigation, including insurance where this is effective

Compliance with Credit Union policies is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Supervisory Committee, senior management and the Board of Directors.

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# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

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### 25. Fair value estimation

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 (an exit price).

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. However, market prices are not available for a number of financial assets and liabilities held and issued by the Credit Union. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the statement of financial position date.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates.

The following methods and assumptions have been used in determining or estimating the fair value of the Credit Union's financial instruments:

- (i) The fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amounts. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities.
- (ii) The fair value of members' deposits is assumed to be the amount payable on demand at the statement of financial position date.
- (iii) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.
- (iv) The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. For match-funded loans, the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of credit risk is recognised separately by deducting the amount of the provisions for credit losses from both book and fair values.
- (v) Financial investments classified as available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques. Unquoted equities classified as available-for-sale are measured at historical cost less impairment, as their fair values cannot be reliably determined.
- (vi) Financial investments classified as held-to-maturity are measured at amortised cost with a carrying value of \$697,147 (2021 - \$741,093) for which the fair value has been estimated at \$697,147 (2021 - \$741,093).



# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 25. Fair value estimation (cont'd)

- (vii) The estimated fair values of the off statement of financial position financial instruments is assumed to approximate the amount committed at year end.
- (viii) The carrying value of borrowings approximates fair value as the borrowings are carried at amortised cost reflecting its contractual obligations, and the interest rates are reflective of current rates for similar transactions.

Financial instruments that are measured in the statement of financial position at fair value are grouped based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). 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; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following table presents the Credit Union's financial assets that are measured at fair value:

#### December 31, 2022

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Available for-sale financial assets				
Unquoted equities	140,225	-	-	140,225
Fixed and other deposits	-	697,147	-	697,147
<b>Total</b>	<b>140,225</b>	<b>697,147</b>	<b>-</b>	<b>837,372</b>

# Jamaica Defence Force Co-operative Credit Union Limited

## Notes to the Financial Statements

Year ended December 31, 2022

### 25. Fair value estimation (cont'd)

December 31, 2021

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Available for-sale financial assets				
Unquoted equities	4,681	-	-	4,681
Fixed and other deposits	-	741,093	-	741,093
<b>Total</b>	<b>4,681</b>	<b>741,093</b>	<b>-</b>	<b>745,774</b>

There has been no transfer between levels 1 and 2 in the reporting period.

### 26. Contingencies

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

### 27. Capital management, policies and procedures

The Credit Union's objectives when managing capital, which is a broader concept than the "equity" on the face of the statement of financial position, are:

- (i) to maintain the members' confidence in the safety and viability of the Credit Union
- (ii) to safeguard the Credit Union's ability to continue as a going concern so that it can continue to provide returns and benefits for its members;
- (iii) to continuously meet statutory and any other regulatory requirements as required by the Registrar of Co-operative and Friendly Societies, the Bank of Jamaica and the Jamaica Co-operative Credit Union League Limited.
- (iv) to maintain a strong capital base to support planned expansion and the development of new lines of business.

Capital adequacy and the use of regulatory capital are monitored by the Credit Union's management according to the guidelines in its Capital Adequacy Management Policy. The computation is reported to the Board of Directors each month and the Credit Union's capital adequacy ratio currently exceeds the benchmarks set by the regulatory authorities.

The League currently requires member credit unions to maintain a minimum level of the institutional capital at 8% of total assets. The proposed Bank of Jamaica regulations require the League to ensure that member credit unions:

- (i) Hold a minimum level of the regulatory capital of 6% of total assets; and
- (ii) Maintain a ratio of total regulatory capital to risk-weighted assets at or above 10%.

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# **Jamaica Defence Force Co-operative Credit Union Limited**

## **Notes to the Financial Statements**

Year ended December 31, 2022

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### **27. Capital management, policies and procedures (cont'd)**

There was no change during the financial year in relation to how the Credit Union manages its capital.

All League and Bank of Jamaica regulatory capital requirements were met during the years ended December 31, 2022 and 2021.

There was no change to the Credit Union's approach to capital management during the year.

The Credit Union complied with all externally imposed capital requirements to which they were subjected.



# CYBER SECURITY TIPS

- 1** When setting up your online accounts **choose a strong password**. A strong password should always include upper and lowercase letters, numbers. Do not set the option that allows your Smartphone, tablet or laptop to remember any password.
- 2** **Be careful when using a password on a mobile device**. Set your devices to automatically lock after a selected period of time to ensure no one can access your Smartphone, tablet or laptop. The JDFCU's online platforms have built in time-out sessions.
- 3** **Do not give your account information over the phone** or Internet if you do not know who is asking for it. Call the Credit Union directly at telephone numbers 876-926-3870, 876-906-9118 or 876-906-3286 or visit the Credit Union to speak with someone in person. JDFCU will never email or text you asking for personal or account information. Assume any unsolicited phone call or text request is fraudulent.
- 4** **Change your passwords frequently**. JDF CU recommends changing your passwords every 60 days.
- 5** When requesting assistance online by sending an email; Be sure **not to include account information**.
- 6** **Be aware of the location of your mobile devices** (Smartphone, tablets) at all times. Only log on to legitimate websites (https) when you have a secure, safe and trusted Internet connection.
- 7** Be sure **not to enable auto-save features** on your mobile device to store your online or mobile banking account information (account number, passwords, secret answers).
- 8** **Do not save debit card, or other account information on your computer**, phone or tablet. Instead, keep a list that is stored in a safe, secure place away from your computer.
- 9** **Use unique passwords for all online accounts**. Never share your password, account number, PIN or answers to security questions.
- 10** **Contact JDF CU immediately** if you think your online identity has been compromised. The sooner you alert proper authorities about suspicious activity, the sooner it can be resolved.
- 11** **Keep a clean machine** - Be sure that all internet-connected devices - including Laptops, Tablets, PCs, or Smartphone are free from malware and infections by running only the most current versions of software and apps.
- 12** Be sure to **disable Bluetooth** when not required.



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**Conditions Apply**





Left - Right:

**Mrs. Claudia Thompson-Roache**  
General Manager

**Mr. Howard Powell**, Finance Manager  
**Mrs. Tahnee Pierce**, Talent & Admin Manager  
**Ms. Allison Pessoa**, Risk & Compliance Officer  
**Mr. Alvin Reid**, Business Development, Comms & Tech Manager  
**Ms. Marsha McGowan**, Member Services Manager  
**Mr. Leighton Wisdom**, Credit Risk Manager  
**Mrs. Karlene Pitter-Cooper**, Internal Auditor



# Management Team



*Solid, Safe  
& Secure...*  
Your JDF CCU For Sure!



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# Talent & Administration

**Yvette Robertson**  
Office Attendant

**Tahnee Pierce**  
Talent & Administration  
Manager

**Ms. Kenesha Robinson**  
Talent & Administration  
Officer

**Frances Collie**  
Talent & Administration  
Officer

**Claudia Thompson-Roache**  
General Manager





# Business Development, Communications & Technology

**Javaine Simpson**  
Filing Clerk

**Rochelle Fearon**  
Business Development  
Officer

**Kirlew Duncan**  
Business Development  
Officer



**Alvin Reid**  
Business Development, Communications  
& Technology Manager

# Finance

**Howard Powell**  
Finance Manager

**Georgia Cornwall**  
Accounting Officer

**Devon Fray**  
Accounting Officer





# Member Services

Standing L - R:

**Marsha Segree-Boothe**, Member Services Supervisor  
**Briana Riley**, Teller  
**Asean Murphy**, Teller  
**Jodiann Campbell**, Member Services Officer  
**Shemera McFarlane**, Member Services Officer (Montego Bay Branch)  
**Ms. Marsha McGowan**, Member Services Manager  
**Marsha Morris-Barthley**, Senior Teller  
**Shanara Chambers**, Receptionist (Cross Roads Branch)  
**Charlene Smith-Channer**, Member Services Officer  
**Shakira Bennett-Patterson**, Teller  
**Amoy McDonald**, Teller  
**Tassica Hall**, Teller  
**Reginna Balfour**, Receptionist  
**Kwesi Griffiths**, Member Services Officer



Scan here to  
join us!

Sitting L - R:

**Melissa Brown-Morgan**, Member Service Officer  
**Marsha Fullerton**, Receptionist





# Credit Risk

# Audit, Risk & Compliance

**Shakeria Williams**  
Credit Risk Officer

**Leighton Wisdom**  
Credit Risk Manager

**Clarine Bogle**  
Collateral &  
Delinquency Officer

**Matthew Wisdom**  
Credit Risk  
Administrative Clerk

**Karlene Pitter-Cooper**  
Internal Auditor

**Allison Pessoa**  
Risk & Compliance Officer







JAMAICA DEFENCE FORCE  
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# Credit Committee Report

YEAR ENDED DECEMBER 31, 2022

Major Calvin Dryden, Chairman

Fellow Co-operative Members, I hereby extend greetings from the Credit Committee. The year under review was challenging; but the JDF Co-operative Credit Union was strategic in its operations and attained success in a very difficult period.

The period under review saw the Credit Committee meeting sixty-five (65) times and reviewed a total of one hundred and fifty-seven (157) loan applications.

The members of the Credit Committee for the year under review are as follows:

Major Calvin Dryden  
Mrs. Shakeria Marshall-Fender  
Warrant Officer Class 2 William Gilzene  
Warrant Officer Class 2 Michael Rowe  
Mrs. Michelle Goulbourne  
Ms Michelle McKenzie

Chairman  
Secretary  
Member  
Member  
Member  
Member

Ms Sarney Haynes

Member

The Credit Committee reviews applications with amounts between \$4.5 million and \$8 million dollars. Hence, loan applications with an accumulated balance exceeding \$8 million dollars were reviewed and submitted for ratification. Applications with waiver requests were also presented to the Board of Directors for further assessment and/or approval. In assessing loan applications for approval/recommendation the Credit Committee continues to focus on members' character and ability to repay, consistency of savings and length of membership, the financial impact/benefit, credit history and violation of the Credit Union's Policies and Guidelines.

Figure 1.1 and 1.2 give a comparative view of loan applications reviewed and approved by the Credit Committee/Board of Directors in 2021 and 2022.

	2021	2022	Difference
Unsecured	650,000.00	10,646,870.00	9,996,870.00
Home Improvement	3,236,305.50	-	(3,236,305.50)
Motor Vehicle	97,031,243.70	130,977,852.00	33,946,608.30
Debt Consolidation	43,609,647.47	105,033,192.71	61,423,545.24
Personal Requisite	39,106,639.87	63,566,465.66	24,459,825.79
	183,633,836.54	310,224,380.37	126,590,543.83



Warrant Officer Class 2  
Michael Rowe, Member

Ms. Sarney Haynes  
Member

Warrant Officer Class 2  
William Gilzene, Member

Mrs. Michelle McKenzie  
Member

Mrs. Shakera  
Marshall-Fender  
Secretary

Major Calvin  
Dryden, Chairman


Mrs. Michelle  
Goulbourne, Member



There was an overall increase of \$126,590,543.83 regarding the value of loans reviewed by the Credit Committee for the year in review. This represents a significant increase of 69%, with an increase from \$183 million in 2021 to \$310 million for 2022. This confirms that our members continue to exercise confidence in the institution's ability to improve their financial standing. The credit union continues to implement changes as the competition and global challenges increase. The loan portfolio reflected significant rise in Unsecured, Motor Vehicle, Debt Consolidation and Personal Requisite during the year 2022. The continuing attitude of Ex-Service Members to service their loans is a major concern as the rate of delinquency continues to spiral. The delinquency ratio for the year 2022 has seen an increase of 1% over the 2021 rate to 5.92%. There is currently a committee looking at mitigation strategy to combat this issue.

We are presently celebrating over sixty (60) years of existence and remains viable amidst many challenges, from both internal and external factors. The Credit Committee acknowledges the loyalty of our valued members as they have continually invested confidence in the JDF Credit Union. Sincerest gratitude is extended to the Management and Staff of the Credit Union for their instrumental support and performance throughout the period. The committee also acknowledges the guidance and support of our Board of Directors and Supervisory Committee and extends commendation unreservedly. The effort of the Credit Committee is also well appreciated and I personally express sincerest gratitude for the committee's dedication, sacrifice and contribution. The Credit Committee is committed to continually provide financial guidance to our members as required in a professional manner and in keeping with the relevant policies.

As the JDF Credit Union strives to increase its profitability we will continue to be diligent in our approval of loans ensuring the financial health of the Credit Union, securing a sound financial future, continuing on the mission, 'marching forward building wealth'.

  
Calvin Dryden  
Major

Chairman, Credit Committee



# Nominating Committee Report

REPORT OF THE NOMINATING COMMITTEE TO THE  
60<sup>th</sup> ANNUAL GENERAL MEETING OF JAMAICA DEFENCE  
FORCE CO-OPERATIVE CREDIT UNION LTD.

May 2023

In accordance with the provisions of Article XII, Rule 118, the Board of Directors of the Jamaica Defence Force Co-operative Credit Union Limited appointed a Nominating Committee, which comprised the following persons:

Staff Sergeant Shelroy Johnson	Chairman
Mrs. Shakeria Marshall-Fender	Secretary
Ms Allison Pessoa	Member

## 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

Commander Aceion Prescott  
Lieutenant Colonel (Ret'd) Micheal Anglin  
Mrs. Donna Brown

### Not Retiring

Lieutenant Colonel Maxwell Gordon  
Staff Sergeant Gawayne Brown  
Mrs. Carlean Sutherland  
Staff Sergeant Shelroy Johnson  
Mr. Everton Hay  
Mr. Desmond Pringle

### Unexpired Term (Yrs)

2  
2  
2  
1  
1  
1

### Recommended

Lieutenant Colonel (Ret'd) Micheal Anglin  
Major Theodore Palmer  
Major Coleen Weise  
Captain Sheldon Hall  
Warrant Officer Class 2 Sherlon Campbell  
Sergeant Andrae Burnett  
Mrs. Donna Brown

### Term (Yrs)

3  
3  
3  
3  
3  
3  
3





From the seven (7) persons recommended, three candidates (3) will be elected by the membership to fill the vacancies. It is to be noted that there will be no nomination from the AGM floor, in keeping with the existing directive from the Registrar.

## Credit Committee

### Retiring

Warrant Officer Class 2 William Gilzene  
Warrant Officer Class 2 Michael Rowe

### Not Retiring

	Unexpired Term (Yrs)
Major Calvin Dryden	2
Miss Sarney Haynes	2
Mrs. Michelle Goulbourne	2
Mrs. Shakeria Marshall Fender	2
Miss Michelle McKenzie	1

### Recommended

	Term (Yrs)
Major Errol Beckford	3
Staff Sergeant Simon Livingston	3
Mrs. Donna Brown	3
Mrs. Ann Amiel	3

From the four (4) persons recommended, two candidates (2) will be elected by the membership to fill the vacancies. It is to be noted that there will be no nomination from the AGM floor, in keeping with the existing directive from the Registrar.

## Supervisory Committee

### Retiring

Lieutenant Dwight Smith  
Warrant Officer Class 2 Sherlon Campbell  
Warrant Officer Class 2 Shawn Malcolm  
Staff Sergeant Thiar Jaghai  
Staff Sergeant Ricardo Russell  
Sergeant Andrae Burnett  
Corporal Georgia Seaton

### Recommended

	Term – (Year)
Major Theodore Palmer	1
Captain Sheldon Hall	1
Lieutenant Dwight Smith	1
Warrant Officer Class 2 Shawn Malcolm	1
Staff Sergeant Ricardo Russell	1
Staff Sergeant Thiar Jaghai	1
Corporal Georgia Seaton	1
Miss Ann Amiel	1
Mrs. Donna Brown	1

From the nine (9) persons recommended, seven (7) candidates will be elected by the membership to fill the vacancies. It is to be noted that there will be no nomination from the AGM floor, in keeping with the existing directive from the Registrar.

## 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 meetings as appropriate.

## Profile of Nominees

### Board Of Directors

**Lieutenant Colonel (Ret'd) Michael Anglin** has been a member of the JDF Credit Union since March 1995. He currently serves as the 2nd Vice President on the Credit Union's Board and also chairs other Sub-Committees. He has been a volunteer since 1998 and has served as President of the Credit Union's Board of Directors, and was also a member of the Credit Committee. He also sits on the Board of the Jamaica Co-operative Credit Union League (JCCUL). Lt Col Anglin 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.

Lieutenant Colonel (Ret'd) 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 Theodore Palmer** has been a member of the JDF Credit Union since June 2009 and holds a Master's Degree in Business Administration (Banking and Finance) from the Mona School of Business Management. He serves as a Justice of the Peace for the Parish of St. Andrew. Major Theodore Palmer currently serves as a Staff Officer (JDF Finance Office) within the JDF Headquarters. He has held several other military appointments, including Platoon Commander for Bravo Company and Qualified Flying Instructor at the Caribbean Military Aviation School.

**Major Coleen Weise** has been a member of the JDF Credit Union since July 2019 and has a Certificate of Legal Education, from Norman Manley Law School. University of West Indies, Mona. Bachelor of Law Degree (LLB) (Hons) (Upper Second-Class Division). Participated in contract negotiations and provide clarification on legal issues affecting JDF. Represents the

Ministry of National Security at local and international conferences and other forums as required.

**Captain Sheldon Hall** has been a member of the JDF Credit Union since December 2020 and is a thorough investigator who has helped to reduce financial fraud. He is adept in creating and implementing effective investigative procedures; working with the relevant personnel to acquire information and creating comprehensive reports. Capt Hall holds MSc Human Resource Management and specializes in Financial Fraud, Conflict/ Disaster Management and Business Continuity.

**Warrant Officer Class 2 Sherlon Campbell** has been a member of the JDF Credit Union since 2002 and currently serves as a member of the Credit Union's Supervisory Committee. WO2 Campbell has experience in Auditing and Budgeting and also has training in Team Organization and Project Management, Mentorship, Documentation and Customer Service and has a certificate in Fraud Detection

**Sergeant Andrae Burnett** has been a member of the JDF Credit Union since 2009. He has been a member of the Supervisory Committee for the last two years. Sergeant Burnett has a wealth of experience and training in Government Accounting, General Duties Clerical and Microsoft Office and also holds a Bachelor of Science Degree in Banking and Finance (minor in Economics) with Honours.

**Mrs. Donna Brown** has been a member of the JDF Cooperative Credit Union since 1990. Mrs. Brown currently serves as a Director on the JDF Credit Union's Board and is also a member of other sub-committees. She is currently assigned to the Internal Audit Unit at the Ministry of National Security. Mrs. Brown has a wealth of experience and training in Government Accounts, Budgeting, Human Resource Management, Leadership and Corporate Planning. She has attained a diploma and several certificates and is currently pursuing an Associate of Science Degree in Business Administration.

## CREDIT COMMITTEE

**Major Errol Beckford** has been a member of the JDF Cooperative Credit Union since November 1988 and holds a Post Graduate Diploma in Education and Training. He is a Building Construction, Planning and Estimating Specialist and supervises new construction and refurbishing projects done on JDF installations and other government agencies island-wide. Major Errol Beckford also assists Caribbean Countries in rebuilding after disasters.

**Staff Sergeant Simon Livingston** has been a member of the JDF Cooperative Credit Union since August 2007. He has served at the Military Pay Company carrying out Accounting and Financial Management functions. SSgt Livingston is currently assigned to the Jamaica Officer Club in the capacity of an Accounting Personnel.

**Mrs. Donna Brown** has been a member of the JDF Cooperative Credit Union since 1990. Mrs. Brown currently serves as a Director on the JDF Credit Union's Board and is also a member of other sub-committees. She is currently assigned to the Internal Audit Unit at the Ministry of National Security. Mrs. Brown has a wealth of experience and training in Government Accounts, Budgeting, Human Resource Management, Leadership and Corporate Planning. She has attained a diploma and several certificates and is currently pursuing an Associate of Science Degree in Business Administration.

**Mrs. Ann Amiel** has been a member of the JDF Credit Union since October 2010 and studied at the University of the West Indies, Mona Campus and has an MSc. in Human Resource Development, a Bachelor of Science in Human Resource Management and an Associate Degree in Business Administration. Ms Amiel is a Justice of the Peace and was employed at the Jamaica Combined Cadet Force as a Training Officer for approximately ten (10) years. She has experience in managing human resource functions, including recruitment, selection and onboarding. Mrs. Amiel is also a Certified Professional Secretary and possesses excellent interpersonal and communication skills with advanced organizational and administrative capabilities.

## SUPERVISORY COMMITTEE

**Major Theodore Palmer** has been a member of the JDF Credit Union since June 2009 and holds a Master's Degree in Business Administration (Banking and Finance) from the Mona School of Business Management. He serves as a Justice of the Peace for the Parish of St. Andrew. Major Theodore Palmer currently serves as a Staff Officer (JDF Finance Office) within the JDF Headquarters. He has held several other military appointments, including Platoon Commander for Bravo Company and Qualified Flying Instructor at the Caribbean Military Aviation School.

**Captain Sheldon Hall** has been a member of the JDF Credit Union since December 2020 and is a thorough investigator who has helped to reduce financial fraud. He is adept in creating and implementing effective investigative procedures; working with the relevant personnel to acquire information and creating

comprehensive reports. Capt Hall holds MSc Human Resource Management and specializes in Financial Fraud, Conflict/ Disaster Management and Business Continuity.

Lieutenant Dwight Smith has been a member of the JDF Credit Union since 1993 and currently serves as the Chairman of the Credit Union's Supervisory Committee. Lt Smith is a graduate of the University of Technology, where he pursued his studies in Procurement and Contract Management. He also attended the Management Institute for National Development where he attained a certificate in Supervisory Management and a diploma in Government Accounting.

**Warrant Officer Class 2 Shawn Malcolm** has been a member of the JDF Credit Union since September 2003. He holds a BSc in Business Administration with a Major in Finance. WO2 Malcolm was previously employed at the JDF Finance Department as the Head of the Department and has over fifteen (15) years of service as a Logistic Officer.

**Staff Sergeant Ricardo Russell** joined the JDF Credit Union in September 2001. He currently serves as a member on the Credit Union's Supervisory Committee and other sub-committees. Staff Sergeant Russell has a Bachelor of Arts Degree in General Management and Human Resource Management.


**Staff Sergeant Thiar Jaghai** has been a member of the JDF Cooperative Credit Union since June 2000. He has held several military assignments, including carrying out Accounting and Financial Management functions at the Military Pay Company.

**Corporal Georgia Seaton** has been a member of the JDF Credit Union since 2006. She has been working as an Accounting Clerk for 11 years and was previously assigned to the JDF Headquarters (IG Dept). She has experience in Auditing, Leadership training and certification in Supervisory Management and is currently pursuing a Bachelor of Science Degree in Social Work at the University of the West Indies. Cpl Seaton volunteers as a National Instructor at the Jamaica Life Saving Society.

**Mrs. Ann Amiel** has been a member of the JDF Credit Union since October 2010 and studied at the University of the West Indies, Mona Campus and has an MSc. in Human Resource Development, a Bachelor of Science in Human Resource Management and an Associate Degree in Business Administration. Ms Amiel is a Justice of the Peace and was employed at the Jamaica Combined Cadet Force as a Training Officer for approximately ten (10) years. She has experience in managing human resource functions, including recruitment,

selection and onboarding. Mrs. Amiel is also a Certified Professional Secretary and possesses excellent interpersonal and communication skills with advanced organizational and administrative capabilities.

**Mrs. Donna Brown** has been a member of the JDF Cooperative Credit Union since 1990. Mrs. Brown currently serves as a Director on the JDF Credit Union's Board and is also a member of other sub-committees. She is currently assigned to the Internal Audit Unit at the Ministry of National Security. Mrs. Brown has a wealth of experience and training in Government Accounts, Budgeting, Human Resource Management, Leadership and Corporate Planning. She has attained a diploma and several certificates and is currently pursuing an Associate of Science Degree in Business Administration.



**Shelroy Johnson**

Staff Sergeant

Chairman, Nominating Committee







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- ✓ Put all your loans together with a minimum monthly payment of \$11,700.00 per/mil.

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# Supervisory Committee Report

YEAR ENDED DECEMBER 31, 2022

Lieutenant Dwight Smith, Chairman

The Supervisory Committee consisting of seven (7) volunteers were elected to serve at the last Annual General Meeting (AGM). We conscientiously discharged our responsibilities by providing continuous and independent oversight of the Credit Union's policies, control and procedures on behalf of the Board of Directors.

At the last AGM, the following persons were elected to serve as your Supervisory Committee:

Lieutenant Dwight Smith	Chairman
Staff Sergeant Ricardo Russell	Secretary
Warrant Officer Class 2 Sherlon Campbell	Member
Warrant Officer Class 2 Shawn Malcolm	Member
Staff Sergeant Thiar Jaghai	Member
Sergeant Andrae Burnett	Member
Corporal Georgia Seaton	Member

On 25 May 2022, the Committee appointed Lt Dwight Smith as Chairman and SSgt Ricardo Russell as Secretary.

## Audit and Investigative Activities

### Audit Review Conducted

As the world slowly pick up the pieces and as a Country, we are slowly pick up the pieces from one (1) of the baggiest pandemic we have ever faced with. We managed to alter the committee's ability to carry on with our mandate. With the implementation of the COVID19 protocols and the social distancing requirements, which impacted the operations of the Supervisory Committee in a significant way, we quickly adjusted and revised our audit strategy and was therefore able to successfully complete over fifty (50) audits.

With reference to the above audits, the Policies and Procedures were adhered to in all material respect; and where necessary, the recommendations of the Supervisory Committee were accepted by the Board and implemented accordingly by management.

### Investigations

Two (2) special Investigations were conducted over the period by the Committee. The investigations were necessary based on the identified business risks and given the sensitive nature of these activities; they were treated as a matter of priority. Unfortunately, a total of seven (7) employees had to be terminated as a result of breaches that were identified from the results of the investigations.



Warrant Officer Class 2  
**Sherlon Campbell**, Member

Staff Sergeant  
**Thiar Jaghai**, Member

Lieutenant  
**Dwight Smith**, Chairman

Sergeant  
**Andrae Burnett**, Member

Staff Sergeant  
**Ricardo Russell**, Secretary



Missing: Warrant Officer Class 2 Shawn Malcolm and Corporal Georgia Seaton

### General Review

Loans - A total of five (5) loans were the subject of a special investigation, during which a substantial amount of audit procedures were used in order to gather sufficient and appropriate audit evidence. At the end of these audits we were satisfied, in all material respect, that the issuing of these loans was in accordance with set procedures and where necessary the appropriate safeguards were implemented to avert any breach of established policies and procedures within the Credit Union.

### Conclusion

On behalf of the entire Supervisory Committee, I would like to express our sincere gratitude to you the members for having granted us the opportunity to serve in this pivotal capacity. We also would like to thank the Board of Directors and all Members of Staff, with specific emphasis on the Internal Auditor, for facilitating and supporting the work of the Committee over the year.



**Dwight Smith**  
Lieutenant  
Chairman, Supervisory Committee

**“**  
*The With reference to the above audits, the Policies and Procedures were adhered to in all material respect; and where necessary, the recommendations of the Supervisory Committee were accepted.*  
**”**





# 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 or 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.





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The Board of Directors, Manangement  
and Staff of the JDF Credit Union acknowledges  
those deceased members who left us over the last year.

# Obituaries

JDF/27059	SSgt Richards, Oniel
JDF/30138	LCpl Bennett, Curt St. Aubin
JDF/70038	Pte Andreson, Garron Stenett
JDF/70857	Pte Dennis, Kemar Partrick
JDF/31268	Pte Anderson, Dwayne Tishan
JDF/31867	Pte Willock, Anthony Kenrick
JDF/31895	Pte Powell, Mario Jason
JDF/34469	Pte Harrison, Nicardo Anthony
JDF/35371	Pte Rainford, Khamali Headley
Civ	Morgan, Donna Ann-Marie

**May their souls  
rest in peace.**



[illegible]





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