



**VENTURE Credit Union Co-operative Society  
Limited**

Audited Financial Statements

For the year ended December 31, 2018



**VENTURE Credit Union Co-operative Society  
Limited**

Audited Financial Statements

For the year ended December 31, 2018

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Audited Financial Statements

For the year ended December 31, 2018

*(Expressed in Trinidad and Tobago Dollars)*

---

	<u>Table of Contents</u>	Page(s)
Independent Auditor's Report		2 - 3
Statement of Financial Position		4
Statement of Comprehensive Income		5
Statement of Changes in Member's Equity		6
Statement of Cash Flows		7
Notes to the Financial Statements		8 - 35



Tel: +1 (868) 625 8662  
Fax: +1 (868) 627 6515  
www.bdo.tt

2nd Floor, CIC Building  
122-124 Frederick Street  
Port-Of-Spain  
Trinidad and Tobago

## Independent Auditor's Report

To the Members of  
VENTURE Credit Union Co-operative Society Limited

### Opinion

We have audited the financial statements of VENTURE Credit Union Co-operative Society Limited (the "Society"), which comprise the statement of financial position as at December 31, 2018 and the statement of comprehensive income, statement of changes in members' 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 present fairly, in all material respects, the financial position of the Society as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### 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 Society in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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



## Independent Auditor's Report (continued)

### 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exist, 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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

A smaller, blue, stylized version of the BDO logo, with the letters 'BDO' in a cursive-like font.

March 15, 2019

Port of Spain,  
Trinidad, West Indies

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Statement of Financial Position

As at December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

	Notes	2018	2017
<b>ASSETS</b>			
Property, plant and equipment	3	35,247,538	31,034,320
Investments	4	449,987,403	405,057,567
Intangible asset	5	1,982,681	2,263,374
Investment property	6	333,699	333,699
Cash and cash equivalents	7	250,048,032	157,677,457
Loans to members	8	807,035,706	972,575,248
Other assets	9	8,317,508	4,746,035
<b>TOTAL ASSETS</b>		<b>\$1,552,952,567</b>	<b>\$ 1,573,687,700</b>
<b>Members' Equity and Liabilities</b>			
<b>MEMBERS' EQUITY</b>			
Undivided earnings		69,497,883	111,104,367
Reserve fund		60,888,539	56,740,189
<b>Total Members' Equity</b>		<b>130,386,422</b>	<b>167,844,556</b>
<b>LIABILITIES</b>			
Members' shares	11	1,301,655,894	1,286,330,974
Members' deposits	10	113,316,454	112,493,082
Other funds and liabilities	12	7,593,797	7,019,088
<b>Total Liabilities</b>		<b>1,422,566,145</b>	<b>1,405,843,144</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>\$1,552,952,567</b>	<b>\$ 1,573,687,700</b>

*The accompanying notes form an integral part of these financial statements.*

These financial statements were approved by the Board of Directors and authorised for issue on March 15, 2019.



President



Supervisory Committee



Chief Executive Officer

## VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

### Statement of Comprehensive Income

For the year ended December 31, 2018

*(Expressed in Trinidad and Tobago Dollars)*

	Notes	2018	2017
<b>REVENUE</b>			
Interest on loans	13	90,888,226	116,721,234
Income from investments	14	18,287,642	19,398,753
Other income		1,163,295	1,614,281
<b>Total revenue</b>		<b>110,339,163</b>	<b>137,734,268</b>
<b>EXPENDITURE</b>			
Expected credit losses on loans (IFRS 9)	8	27,472,658	-
Provision for loan losses (IAS 39)		-	24,000,000
Personnel costs	15	20,961,646	19,468,552
Occupancy costs	16	5,871,216	5,850,439
Depreciation and amortization		3,007,799	3,142,824
CUNA insurance	19	2,534,241	3,102,421
Office expenses		2,160,694	2,194,338
Professional fees	18	1,992,298	2,294,913
Interest on members' deposits and savings	17	1,649,622	2,103,377
Expected credit losses on investments	4	1,250,695	-
Advertising and promotions		1,181,096	1,218,935
Board and committee expenses		1,139,944	984,379
Other expenses		736,816	838,576
AGM and SGM expenses		479,049	697,259
Finance costs		327,261	306,157
Education		271,255	241,192
Insurance		273,075	202,932
Social events		240,041	399,178
Co-operative costs		127,742	556,076
20 <sup>th</sup> year celebrations cost		-	790,064
Strategic expenses		-	390,018
<b>Total expenditure</b>		<b>71,677,148</b>	<b>68,781,630</b>
<b>Net Surplus</b>		<b>\$ 38,662,015</b>	<b>\$ 68,952,638</b>

*The accompanying notes form an integral part of these financial statements.*

## VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

### Statement of Changes in Members' Equity

For the year ended December 31, 2018

*(Expressed in Trinidad and Tobago Dollars)*

	Reserve Fund	Undivided Earnings	Total Members' Equity
Closing balance at December 31, 2017	56,740,189	111,104,367	167,844,556
Impact of initial adoption of IFRS 9 (note 22)	-	(28,187,405)	(28,187,405)
Restated balance as at January 1, 2018	56,740,189	82,916,962	139,657,151
Net Surplus	3,866,199	34,795,816	38,662,015
Entrance fees	85,390	-	85,390
Unclaimed shares and deposits	196,761	-	196,761
Transfer to Children's Foundation Fund	-	(100,000)	(100,000)
Transfer to Common Good Fund	-	(200,000)	(200,000)
Interest rebate paid	-	(4,613,645)	(4,613,645)
Dividends paid	-	(43,301,250)	(43,301,250)
<b>Closing balance at December 31, 2018</b>	<b>\$ 60,888,539</b>	<b>\$ 69,497,883</b>	<b>\$ 130,386,422</b>
Opening balance as at January 1, 2017	49,764,685	94,499,886	144,264,571
Net Surplus	6,895,264	62,057,374	68,952,638
Entrance fees	80,240	-	80,240
Transfer to Children's Foundation Fund	-	(100,000)	(100,000)
Transfer to Common Good Fund	-	(200,000)	(200,000)
Interest rebate paid	-	(4,447,708)	(4,447,708)
Dividends paid	-	(40,705,185)	(40,705,185)
<b>Closing balance at December 31, 2017</b>	<b>\$ 56,740,189</b>	<b>\$ 111,104,367</b>	<b>\$ 167,844,556</b>

*The accompanying notes form an integral part of these financial statements.*



# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Statement of Cash Flows

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

	2018	2017
<b>Cash Flows from Operating Activities</b>		
Net surplus for the year	38,662,015	68,952,638
<i>Adjustments to reconcile net surplus for the year to net cash provided by operating activities</i>		
Depreciation and amortization	3,007,799	3,142,824
Provision for loan losses	27,472,658	24,000,000
Impairment of investments	1,250,695	200,000
Gain on disposal of property, plant and equipment	(40,000)	(6,925)
Unrealised loss on financial assets at fair value through profit or loss	876,642	659,404
Unrealised loss (gain) on foreign currency translation	(171,430)	(91,762)
Loss (gain) on disposal of investments	41,393	(26,943)
<i>Working capital changes</i>		
(Increase) decrease in other assets	(3,571,473)	243,203
Increase (decrease) in other funds and liabilities	574,709	(1,165,993)
Decrease in loans to members	138,066,884	55,862,446
Increase (decrease) in members' deposits	823,372	(2,666,754)
<b>Net cash provided by operating activities</b>	<b>206,993,264</b>	<b>149,102,138</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(6,940,324)	(7,179,611)
Proceeds from disposal of property plant and equipment	40,000	6,997
Purchase of intangible asset	-	(69,000)
Purchase of investments	(182,260,648)	(141,916,811)
Disposal proceeds for sale and maturity of investments	135,333,512	71,293,177
<b>Net cash used in investing activities</b>	<b>(53,827,460)</b>	<b>(77,865,248)</b>
<b>Cash Flows from Financing Activities</b>		
Net change in members' shares	15,324,920	48,233,174
Dividends paid	(43,301,250)	(40,705,185)
Interest rebate paid	(4,613,645)	(4,447,708)
Transfer to Children's Foundation Fund	(100,000)	(100,000)
Transfer to Common Good Fund	(200,000)	(200,000)
Unclaimed shares and deposits	196,761	-
Entrance fees received	85,390	80,240
<b>Net cash (used in) provided by investing activities</b>	<b>(32,607,824)</b>	<b>2,860,521</b>
<b>Increase in cash and cash equivalents</b>	<b>120,557,980</b>	<b>74,097,411</b>
Cash and cash equivalents at beginning of year	157,677,457	83,580,046
Impact of initial adoption of IFRS 9 (note 22)	(28,187,405)	-
<b>Cash and cash equivalents at end of year</b>	<b>\$ 250,048,032</b>	<b>\$ 157,677,457</b>
<b>Represented by:</b>		
Cash	138,857,756	109,019,033
Short term investments	111,190,276	48,658,424
	<b>\$ 250,048,032</b>	<b>\$ 157,677,457</b>

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

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

*(Expressed in Trinidad and Tobago Dollars)*

---

### 1. Incorporation and Business Activities

VENTURE Credit Union Co-operative Society Limited ("the Society") was incorporated under the Co-operative Societies Act 1971 of Trinidad and Tobago ("the Act") on March 3, 1997. It was formed in order to improve the economic and social conditions of its members chiefly by promoting savings among its members and providing loans to members for provident and productive purposes. Its registered office is #32 Southern Main road, Couva, Trinidad and Tobago.

These financial statements were authorised for issue by the Board of Directors on [date].

### 2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

#### 2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and certain property.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Society's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.17.

*(i) Standards, amendments and interpretations to existing Standards applicable to the Society in the current year which were adopted by the Society*

IFRS 9 Financial Instruments (IFRS 9) was adopted on January 1, 2018. As permitted by the transition provisions of IFRS 9, an election was made to not restate prior period results; accordingly, all comparative period information is presented in accordance with the previous accounting policies. Adjustments to carrying amounts of financial assets and liabilities at the date of initial application (January 1, 2018) were recognized in opening undivided earnings.

Details of the impact of this standard are disclosed given in note 22.

*(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Society.*

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Society's future financial statements in the period of initial application. In all cases the entity intends to apply these standards from the mandatory application date as indicated in the note below.

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

*(Expressed in Trinidad and Tobago Dollars)*

---

### 2. Summary of Significant Accounting Policies (continued)

#### 2.1 Basis of preparation (continued)

*(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Society (continued)*

IFRS 16 *Leases* supersedes IAS 17 *Leases* and its related interpretations. IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Under IFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities. However, IFRS 16 does not require a lessee to recognise assets and liabilities for short term leases and leases of low-value assets. IFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components. IFRS 16 applies to annual periods commencing on or after January 1, 2019.

Other standards, amendments and interpretation to existing standards in issue but not yet effective are not considered to be relevant to the Society and have not been disclosed.

*(iii) Standards, amendments and interpretations to existing standards early adopted by the Society.*

The Society did not early adopt any new revised or amended standards.

#### 2.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Society are measured using the currency of the primary economic environment in which the Society operates (the 'functional currency'). The financial statements are presented in Trinidad and Tobago Dollars, which is the Society's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

---

### 2. Summary of Significant Accounting Policies (continued)

#### 2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of items of property, plant and equipment and major components that are accounted for separately with the exception of land which is not depreciated.

Depreciation and amortisation have been provided at rates sufficient to write-off the assets over their estimated useful lives. The rates are as follows:

Leasehold improvements	20%
Furniture and equipment	20%
Computer equipment	33.33%
Motor vehicles	20%
Buildings	2%

The assets' residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining the net income for the period.

#### 2.4 Financial assets

The Society classifies its investment financial assets as, amortised cost (2017: held-to-maturity financial assets), fair value through other comprehensive income (2017: available-for-sale financial assets) or fair value through profit or loss (2017: fair value through profit or loss and loans and receivables). The classification depends on the purpose for which financial assets were acquired or originated.

##### *i) Amortised cost (2017: held-to-maturity financial assets and loans and receivables)*

Financial assets measured at amortised cost include corporate bonds, notes, repurchase agreements and fixed deposits.

These are financial assets with fixed or determinable payments and fixed maturity that the Society has the intent and ability to hold to maturity. They are initially measured at cost, being the fair value plus the transaction cost that are directly attributable to the acquisition of the instrument.

All non-trading financial liabilities and financial assets measured at amortised cost are subsequently measured at amortised costs less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument. The amortisation of premiums and discounts is taken to the statement of comprehensive income.

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

---

### 2. Summary of Significant Accounting Policies (continued)

#### 2.4 Financial assets - Investments (continued)

*ii) Fair value through profit or loss (2017: fair value through profit or loss and loans and receivables)*

Certain equity instruments and receivables (for example trade receivables and deposits due on demand) are classified as fair value through profit or loss.

The equity instruments are either acquired for generating a profit from short-term fluctuations in price, or are securities included in a portfolio in which a pattern of short-term profit taking exists. These instruments are initially measured at fair value plus transaction costs that are directly attributable to their acquisition.

Deposits due on demand comprise deposits held with various financial institutions with original maturities of more than one year, which have since matured and the Society is awaiting settlement.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value, based on their quoted market price at the reporting date without any deduction for transaction costs or their recoverable value. Gains and losses, both realised and unrealised, arising from the change in the fair value of equity instruments at fair value through profit or loss are recognized in net surplus for the year.

*iii) Fair value through other comprehensive income (2017: available-for-sale)*

Financial assets measured at fair value through other comprehensive income includes certain equity instruments, corporate bonds, notes and repurchase agreements.

These financial assets are investments that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables.

These financial assets are initially recognised at fair value plus transactions cost that are directly attributable to their acquisition.

After initial recognition, investments which are classified as "fair value through other comprehensive income" are measured at fair value with unrealised gains or losses on revaluation recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative loss or gain previously reported in the capital reserve is included in the statement of comprehensive income.

#### 2.5 Impairment

*Financial assets*

At the reporting date, the Company assesses on a forward-looking basis, the credit losses associated with its financial assets measured at amortized cost and fair value through other comprehensive income. (excluding equity instruments)

The Company measures loss allowances on its debt instruments at an amount equal to lifetime credit losses, expect in the following cases, for which the amount recognized is 12 months credit losses.

For receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

See note 2.8 for details of credit losses recognition on loans to members

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

---

### 2. Summary of Significant Accounting Policies (continued)

#### 2.5 Impairment (continued)

##### *Financial assets (continued)*

(2017: Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value).

All impairment losses are recognised in the statement of comprehensive income. Any cumulative loss in respect of investments measured at fair value through other comprehensive income (2017: an available-for-sale financial asset) recognised previously in equity is transferred to the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and at fair value through other comprehensive income (2017: an available-for-sale financial asset) that are debt securities, the reversal is recognised in the statement of comprehensive income. For investments measured at fair value through other comprehensive income (2017: an available-for-sale financial asset) that are equity securities, the reversal is recognised directly in equity.

##### *Non-financial assets*

The carrying amounts of the Society's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is adjusted to reflect the revised estimate.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

#### 2.6 Taxation

The profits arising from the Society are exempt from income tax, as per the Co-operative Societies Act Chapter 81:03 sections 76-77.

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

*(Expressed in Trinidad and Tobago Dollars)*

---

### 2. Summary of Significant Accounting Policies (continued)

#### 2.7 Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risks of change in value. These are shown at cost, which is equivalent to fair value.

Cash and cash equivalents also comprise cash balances which are payable on demand and deposits with maturities of three months or less from the date of acquisition. Bank overdrafts are disclosed as current liabilities.

#### 2.8 Loans to members

Member loans are initially measured at cost, net of loan origination fees and inclusive of transaction costs incurred. They are subsequently measured at amortised cost, using the effective interest rate method, less any impairment losses. Loans to members are reported at their recoverable amount representing the aggregate amount of principal, less any allowance or provision for impaired loans.

Impairment provisions for loans to members are recognised based on the three stage approach within IFRS 9 as follow:

Stage 1 represents 12 month expected credit losses (gross interest)

- Applicable when no significant increase in credit risk
- Entities continue to recognise 12 month expected losses that are updated at each reporting date
- Presentation of interest on gross basis

Stage 2 represents lifetime expected credit losses (gross interest)

- Applicable in case of significant increase in credit risk
- Recognition of lifetime expected losses
- Presentation of interest on gross basis

Stage 3 represents - lifetime expected credit losses (net interest)

- Applicable in case of credit impairment
- Recognition of lifetime expected losses
- Presentation of interest on a net basis

(2017: The Society maintained a loan loss provision, which in management's opinion, is adequate to absorb all incurred credit-related losses in its loan portfolio. Provisions for loan losses are calculated using a formula method taking into account recent loss experience).

Loans are written off after all the necessary legal procedures have been completed and the amount of the loss is fully determinable.

#### 2.9 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Society solely held land at the year-end as investment property and land is not depreciated.

Any gain or loss on disposal of an investment property is recognised in profit or loss.

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

---

### 2. Summary of Significant Accounting Policies (continued)

#### 2.10 Intangible asset

The Society's intangible assets are initially recorded at cost and subsequently measured at cost less accumulated amortization and any accumulated impairment losses. Upon retirement or disposal of the intangible asset, the gain or loss, if any, is reflected in the net surplus for the year. Amortization is provided on the straight-line basis over ten years which is estimated to write off the costs of the assets over their estimated useful lives. Annual license fees and maintenance costs are expensed as incurred.

#### 2.11 Members' deposits

Members' deposits are initially measured at fair value, net of any transaction costs directly attributable to the issuance of the instrument. Members' deposits are subsequently measured at amortised cost, using the effective interest rate method.

Retiree members' deposits represent funds collected from members that have been invested on their behalf. They are initially measured at fair value, net of any transaction costs directly attributable to the issuance of the instrument and subsequently measured at amortised cost, using the effective interest rate method.

#### 2.12 Members' shares

Upon opening an account at the Society, new members are required to subscribe for a minimum of one share. Subsequently, every member subscribes at least one share per month to his/her share capital in the Society. Members can withdraw all or any portion of their unencumbered shares from the Society at any time.

Members' shares are classified as other financial liabilities under the International Accounting Standard (IAS) 32 Financial Instruments: Disclosure and Presentation and are measured at par value.

Dividends are paid on an annual basis at rates that are determined at the Annual General Meeting of members of the Society. Dividends are calculated based on the monthly minimum share balance of each active member of the Society and distributed via additional shares and credits to members' deposits.

#### 2.13 Other funds and liabilities

Liabilities for trade creditors and other payables are classified as other financial liabilities and initially measured at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortised cost using the effective interest rate method.

Included within this financial statement caption are the following funds:

*i) Children's Foundation Fund*

This comprises funds collected from members, fundraising events of the Society and allocations from net surplus after statutory deductions to the Reserve Fund (approved by the membership at the Annual General Meeting), to assist underprivileged children in Trinidad and Tobago.

*ii) Common Good Fund*

This represents funds allocated from net surplus after statutory deduction to the Reserve Fund (approved by the membership at the Annual General Meeting), to assist individuals, schools and non-profit organizations for social, educational, cultural and charitable purposes.



# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

---

### 2. Summary of Significant Accounting Policies (continued)

#### 2.14 Provisions

Provisions are recognized for liabilities of uncertain timing or amount, that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

#### 2.15 Reserve fund

In accordance with the Act (Section 47(2)) and Bye Law 58 of the Society, at least 10% of the net surplus of each year is transferred to the Reserve Fund. The reserve fund is indivisible and no member is entitled to any specific share thereof.

Under Regulation 47 of the Co-operative Society Act 1971, the Reserve Fund of a society may, with the approval of the Commissioner, be applied to meet bad debts or losses sustained through extraordinary circumstances over which the Society has no control.

#### 2.16 Revenue recognition

Revenue comprises interest on loans to members as well as income from investments.

The interest charged on loans to members is calculated at rates varying between 0.5% and 1.5% per month on the reducing balance and is recognised on the accrual basis net of provisions for expected credit losses. See note 13.

All other income is recognised on an accrual basis.

#### 2.17 Critical Accounting Estimates and Judgements

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

##### (i) Allowances for credit losses

Loans and investments accounted for at amortised cost are evaluated for impairment on a basis described in note 2.5.

##### (ii) Financial asset and liability classification

The Society's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories. In classifying financial assets or liabilities as "fair value through profit or loss", the Society has determined that it meets the description of trading assets and liabilities.

##### (iii) Intangible asset

The Society based the classification of its core operating software on the following:

- the software was purchased as a separate item, apart from hardware
- its remaining useful economic life has been estimated at seven years, as the platform on which it currently runs is expected to be functional and serviceable throughout this period.

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

### 3. Property, Plant and Equipment

	Freehold Land	Freehold Building	Lease Improvements	Computer Equipment	Motor Vehicles	Office Furniture & Equipment	Capital Work in Progress	Total
<b>Year ended December 31, 2018</b>								
<b>Cost</b>								
Balance at January 1, 2018	4,606,577	18,397,017	1,602,419	3,332,437	371,000	10,470,325	7,364,736	46,144,511
Additions	-	-	21,450	89,046	-	152,585	6,677,243	6,940,324
Reclass/transfer	-	-	614,688	-	-	199,528	(814,216)	-
Disposals	-	-	-	-	(371,000)	-	-	(371,000)
<b>Balance at December 31, 2018</b>	<b>4,606,577</b>	<b>18,397,017</b>	<b>2,238,557</b>	<b>3,421,483</b>	<b>-</b>	<b>10,822,438</b>	<b>13,227,763</b>	<b>52,713,835</b>
<b>Accumulated depreciation</b>								
Balance at January 1, 2018	-	(4,214,564)	(1,058,579)	(2,775,543)	(365,426)	(6,696,079)	-	(15,110,191)
Depreciation charge	-	(473,060)	(262,172)	(333,366)	(5,574)	(1,652,934)	-	(2,727,106)
Depreciation charge on disposals	-	-	-	-	371,000	-	-	371,000
<b>Balance at December 31, 2018</b>	<b>-</b>	<b>(4,687,624)</b>	<b>(1,320,751)</b>	<b>(3,108,909)</b>	<b>-</b>	<b>(8,349,013)</b>	<b>-</b>	<b>(17,466,297)</b>
<b>Net book value at December 31, 2018</b>	<b>\$4,606,577</b>	<b>\$13,709,393</b>	<b>\$917,806</b>	<b>\$312,574</b>	<b>-</b>	<b>\$2,473,425</b>	<b>\$13,227,763</b>	<b>\$35,247,538</b>
<b>Year ended December 31, 2017</b>								
<b>Cost</b>								
Balance at January 1, 2017	4,606,577	18,397,017	1,440,951	3,006,733	371,000	10,183,151	984,713	38,990,142
Additions	-	-	161,468	331,591	-	306,529	6,380,023	7,179,611
Disposals	-	-	-	(5,887)	-	(19,355)	-	(25,242)
<b>Balance at December 31, 2017</b>	<b>4,606,577</b>	<b>18,397,017</b>	<b>1,602,419</b>	<b>3,332,437</b>	<b>371,000</b>	<b>10,470,325</b>	<b>7,364,736</b>	<b>46,144,511</b>
<b>Accumulated depreciation</b>								
Balance at January 1, 2017	-	(3,741,504)	(878,629)	(2,434,833)	(291,226)	(4,921,240)	-	(12,267,432)
Depreciation charge	-	(473,060)	(179,950)	(346,597)	(74,200)	(1,794,123)	-	(2,867,930)
Depreciation charge on disposals	-	-	-	5,887	-	19,284	-	25,171
<b>Balance at December 31, 2017</b>	<b>-</b>	<b>(4,214,564)</b>	<b>(1,058,579)</b>	<b>(2,775,543)</b>	<b>(365,426)</b>	<b>(6,696,079)</b>	<b>-</b>	<b>(15,110,191)</b>
<b>Net book value at December 31, 2017</b>	<b>\$4,606,577</b>	<b>\$14,182,453</b>	<b>\$543,840</b>	<b>\$556,894</b>	<b>\$5,574</b>	<b>\$3,774,246</b>	<b>\$7,364,736</b>	<b>\$31,034,320</b>

The capital work in progress comprises renovation work at the San Fernando branch and work on the new Arouca building.

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

### 4. Investments

	2018 Units	2018 Fair value	2017 Fair value
<b>Fair Value through Profit or Loss</b>			
<i>Equity Instruments</i>			
Agostini Limited	9,844	230,350	204,263
ANSA Merchant Bank Limited	28,695	1,097,871	1,147,800
Clico Investment Fund	145,589	2,916,148	3,057,369
First Citizens Bank Limited	101,828	3,459,097	3,258,496
Grace Kennedy Limited	500,500	1,451,450	391,500
Guardian Holdings Limited	103,597	1,875,106	1,764,257
Guardian Media Limited	25,000	375,000	449,500
National Enterprise Limited	31,000	248,000	303,800
National Flour Mills Limited	3,628	5,986	6,929
Neal & Massy Holdings Limited	67,325	3,164,275	3,232,947
NCB Financial Group	204,200	1,741,826	-
One Caribbean Media Limited	44,212	454,941	577,409
Prestige Holdings Limited	56,443	413,654	603,833
Republic Bank Limited	15,099	1,619,519	1,532,699
Royal Bank of Canada	848	391,911	468,251
Sagicor Financial Corporation	327,539	2,947,851	1,390,130
Scotiabank Trinidad and Tobago	28,290	1,817,633	1,147,610
T&T NGL Limited	51,659	1,503,277	1,368,964
Trinidad Cement Limited	159,816	436,298	599,310
Unilever Caribbean Limited	-	-	869,594
West Indian Tobacco Company Limited	7,527	717,549	752,700
<i>Mutual Funds</i>			
ANSA Ltd Secured Fund	1,080	1,080,321	1,083,375
ANSA TTD Income Fund	962	518,307	515,180
First Citizens Bank Limited Paria USD Fund	2,174	147,432	145,876
First Citizens Bank Limited Abercrombie Fund	4,909	98,188	97,309
Guardian Asset Management Limited - USD Income Fund	9,129	618,958	607,571
Guardian Asset Management Limited - Mutual Funds	3,992	232,127	279,204
Guardian Asset Management Limited - TTD Income Fund	14,951	149,506	147,297
Manulife Mutual Fund	30,553	1,681,354	1,908,902
Roytrin Income& Growth Fund	3,718,081	10,124,334	5,625,785
Savinvest India Asia Fund	8,735	606,431	621,464
T&T Unit Trust Corporation - First Unit Scheme	128,928	2,234,321	2,267,842
<b>Total Fair Value through Profit or Loss</b>		<b>\$ 44,359,021</b>	<b>\$ 36,427,166</b>

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

### 4. Investments (continued)

	2018 Amortised Cost	2017 Amortised Cost
Financial assets measured at amortised cost (2017: Held-to-maturity)		
<i>Corporate bonds, notes, fixed deposits and repurchase agreements</i>		
<i>Participatory Investments</i>		
KCL Capital Market Brokers Ltd	27,242,909	51,900,646
Firstline Securities Limited	20,303,597	25,347,977
Treasury Bills	24,780,748	44,391,006
<i>Repurchase agreements</i>		
TRITOB 4.375% Bond due 2024	5,071,000	-
Government of Trinidad Local Bond 7.75 % due 04/23/2024	5,332,183	5,206,853
Government of Trinidad Local Eurobond 4.5% due 08/4/2026	5,214,839	5,083,959
NIPDEC Local Bond 6.25 % due 03/19/2028	5,313,829	5,174,128
Telecommunication Services of T & T Local Bond 6.01% due 10/12/2026	-	5,026,000
Home Mortgage bank Local Bond 5.00% due 01/11/2024	5,156,676	-
KSMB Asset Management Limited	14,524,808	17,482,980
<i>Bonds</i>		
GORTT TT\$1,000M 4.50% Bond due 2028	5,943,493	5,936,188
GORTT 6.5% Local Bond due 2025	5,797,698	5,893,079
GORTT TT\$1,000M 3.80% Fixed Rate Bond due 2022	4,188,732	4,115,135
GORTT TT \$1,000M 4.1% Fixed Rate Local Bond due 2025	12,446,901	12,450,270
GORTT TT \$1,000M 2.6% Fixed Rate Local Bond due 2020	299,226	-
Government of T&T 4.5% Bond 2030	4,108,272	4,465,487
Government of T&T (CLICO) Bond	4,925,809	3,098,082
Government of T&T (HCU) Bond	4,556,333	4,934,535
NIF Series A 4.5% Bonds 2023	4,593,956	-
NIF Series B 5.7% Bonds 2030	10,176,476	-
NIF Series C 6.6% Bonds 2038	15,228,679	-
NIPDEC 6.55% Fixed Rate Bond 2030	2,132,184	2,155,439
NIDCO 4.9% Fixed Rate Bond 2031	7,876,459	8,800,423
Massy Holding Limited 5.25% Fixed Rate Bond 2029	4,404,095	4,405,601
Massy Holding Ltd. 4.0% Fixed Rate Bond due 2024	9,057,154	9,042,796
T&T Mortgage Finance Co Ltd 4.56% Fixed Rate Bond 2024	2,034,731	2,034,731
Guardian Holdings Limited 4.25% Note 2019	4,968,434	4,980,261
Guardian Holdings Limited 4.25% Note 2022	2,107,994	-
GAMISL Synthetic TT\$ GORTT Note due 2026	5,035,236	5,044,786
FCISL TT\$200M Medium Term Notes Due 2020	9,113,918	9,107,014
JMMB 3.7% Fixed Rate Secured Note 2021	7,529,651	-
TSTT \$1B 12 Year Fixed Rate Bond due 2029	8,138,312	8,138,312
TSTT 5.51% Local Bond due 2022	4,182,208	4,178,758
Value Asset International SA Bond 2025	18,040,212	17,170,929
Giant Screen Entertainment Holding Limited	8,172,950	9,002,281
Odebrecht Financial 5.125% Fixed Rate Bond 2022	1,092,564	1,228,968
Bahama 5.75% Bond due 16th Jan 2024	1,399,744	1,397,487
Bahama 6.95% Bond due 20th Nov 2029	1,502,193	-

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

### 4. Investments (continued)

	2018 Amortised Cost	2017 Amortised Cost
Financial assets measured at amortised cost (2017: Held-to-maturity)		
<i>Corporate bonds, notes, fixed deposits and repurchase agreements (continued)</i>		
<i>Bonds (continued)</i>		
Government of Barbados 7.0% Bond 2022	495,804	596,144
US West Communication Inc 6.875% Debenture 2033	890,086	905,531
Cliffs Natural Resource Inc SR Secured Bond 2020	-	971,012
Genworth Financial Inc 7.7% Bond 2020	688,607	693,174
Caribe Hospitality of T & T 7% Fixed Rate Loan 2025	7,868,987	-
CBL & Associates LP 4.6% Bond 2024	654,748	648,813
Embraer Netherlands Finance 5.05% Bond 2025	631,592	624,649
FCBL \$860.75MM 4.5% Fixed Rate Bond due 2024	5,140,311	-
Petrotrin \$850M 9.75% Bond due 2019	1,444,723	1,500,413
Petrotrin 6% Bond 2022	201,627	271,876
Prospect Capital Corporation 5.875% Bond 2023	700,811	715,361
Transocean Inc 6.5% Bond 2020	842,289	818,718
US Steel Corporation 7.375% Bond 2020	-	347,679
Motorola Solutions Inc 4% Bond 2024	1,248,269	1,249,475
Tringen 5.25% Fixed Rate Bond 2027	2,057,013	2,052,261
TRITOB 4.50% Bond 2026	4,801,235	-
T&T Mortgage Finance Co Ltd 4.24% Fixed Rate Bond 2025	2,115,018	2,417,238
T&T Mortgage Finance Co Ltd 4.62% Fixed Rate Bond 2021	14,966,195	14,918,544
T&T Mortgage Finance Co Ltd 4.70% Fixed Rate Bond 2023	5,502,125	-
Home Mortgage Bank Secured Floating Rate Bond 2022	5,068,827	5,073,366
Home Mortgage Bank Secured Floating Rate Bond 2024	5,111,857	-
Home Mortgage Bank Secured Floating Rate Bond 2025	10,054,657	-
T&T Housing Development Corporation 3.75% Fixed Rate Loan	5,012,368	7,011,172
T & T HDC TT\$ 3.017BN 4.155% Fixed Rate Loan due 2024	3,952,535	4,671,349
Urban Development Corporation of T&T 5.05% Fixed Rate Loan 2026	6,230,499	7,089,939
Urban Development Corporation of T&T 3.30% Fixed Rate Loan 2021	5,016,274	5,016,274
Urban Development Corporation of T&T 5.0% Fixed Rate Loan 2028	7,546,233	-
Micon Marketing Ltd Senior Secured Loan 2027	2,950,589	3,201,523
<i>Fixed Deposits</i>		
Central Finance Facilities Co-operative Society T&T Ltd	4,746,616	4,723,973
Caribbean Finance Company Limited	2,565,498	4,545,021
CEMCU Credit Union Co-operative Society Limited	3,000,000	3,000,000
First Caribbean International Bank	5,000,000	-
NCB Global Finance Limited	5,000,000	5,000,000
<b>Total financial assets measured at amortised cost (2017: Held-to-maturity)</b>	<b>\$ 403,499,596</b>	<b>\$ 365,257,616</b>
Repayment schedule of financial assets measured at amortised cost (2017: Held-to-maturity)		
Repayable within a year	97,776,208	131,662,508
Repayable 1-5 years	144,248,262	75,581,438
Repayable >5 years	161,475,126	158,013,670
	<b>\$ 403,499,596</b>	<b>\$ 365,257,616</b>

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

### 4. Investments (continued)

	2018 Fair value	2017 Fair value
<i>Financial assets measured at fair value through other comprehensive income 2017: (Available-for-sale)</i>		
<i>Corporate bonds, notes and repurchase agreements</i>		
Citigroup Steepener Callable Leveraged -CMS Spread Notes 2033	1,017,075	1,014,420
12% Societe Generale 20 Year Bond Note 31/08/2033	1,017,075	1,014,420
10% Societe Generale NY Medium Term Note due 31/10/2033	685,618	683,828
Guardian Asset Management : Exchange Traded funds	713	1,117
<i>Equity instruments</i>		
Co-operative Credit Union League of T&T	9,000	9,000
Central Financing Facility	650,000	650,000
<b>Total financial assets measured at fair value through other comprehensive income 2017: (Available-for-sale)</b>	<b>\$ 3,379,481</b>	<b>\$ 3,372,785</b>
<b>Total Investments</b>	<b>\$451,238,098</b>	<b>\$405,057,567</b>
<b>Total investments</b>	<b>451,238,098</b>	<b>405,057,567</b>
Less: Impairment Allowance for Investments	(1,250,695)	-
<b>Net Investments</b>	<b>\$449,987,403</b>	<b>\$405,057,567</b>

KCL Capital Market Brokers Limited, KSBM Asset Management Limited and Firstline Securities Limited are brokerage institutions. The investments held in these institutions represented above are invested in several individual securities, which include trade invoices, repurchase agreements and corporate paper.

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

*(Expressed in Trinidad and Tobago Dollars)*

### 4. Investments (continued)

The movement in investments can be summarized as follows:	2018	2017
Balance at beginning of year	405,057,567	335,174,632
Additions	176,185,143	134,620,235
Amortised cost movement	2,195,037	3,988,401
Return on investments reinvested	3,880,469	3,308,175
<b>Purchase of investments</b>	<b>182,260,648</b>	<b>141,916,811</b>
Disposals	(132,796,542)	(71,293,177)
Matured and transferred to receivables	(2,536,970)	
Impairment of investment	(1,250,695)	(200,000)
Appreciation/foreign exchange loss	(705,212)	(567,642)
Realized (loss) gain on disposals	(41,393)	26,943
	<b>\$449,987,403</b>	<b>\$405,057,567</b>

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

### 5. Intangible Asset

The intangible asset comprises of the software related to the Society's core application for the operation of members' accounts, which was purchased and installed in 2015 to replace the Society's previous application software. It includes the purchase cost as well as developmental costs to tailor the software to the Society's needs.

The Society has estimated the useful life of the software to be 10 years; hence it is amortised over a 10 year period

	2018	2017
Opening Balance at January 1	2,263,374	2,469,269
Acquisitions during the year	-	69,000
Amortization during the year	<u>(280,693)</u>	<u>(274,895)</u>
	<b><u>\$ 1,982,681</u></b>	<b><u>\$ 2,263,374</u></b>

### 6. Investment Property

	2018	2017
Investment Property	<b><u>\$ 333,699</u></b>	<b><u>\$ 333,699</u></b>

Investment property comprises freehold land held at Bacolet, Tobago.

### 7. Cash and cash equivalents

	2018	2017
T&T Unit Trust Corporation - Second Unit Scheme	10,600,116	5,494,870
Roytrin Money Market Fund	49,686,617	38,948,737
KCL Capital Market Brokers Limited - Cash Account	-	2,600,087
Guardian Asset Management Limited		
- Private Wealth Client Cash Accounts	7,216,895	1,614,730
JMMB/Interactive Brokers Cash Account	5,914,098	3,042,675
GORTT Repurchase agreements due within 90 days	<u>37,772,550</u>	<u>-</u>
Short term investments	<b><u>\$ 111,190,276</u></b>	<b><u>\$ 51,701,099</u></b>
Cash at bank	137,895,684	105,100,493
Cash in hand	<u>962,072</u>	<u>875,865</u>
Cash	<b><u>138,857,756</u></b>	<b><u>105,976,358</u></b>
Cash and cash equivalents	<b><u>\$ 250,048,032</u></b>	<b><u>\$ 157,677,457</u></b>

### 8. Loans to Members

#### 8.1 Credit Concentration

	2018	2017
Ordinary Loans	316,108,824	369,093,263
Small Business Loans	175,466,359	183,951,493
Special Loans	159,727,753	195,016,986
Real Estate Loans	143,767,010	156,324,128
Car Loans	63,869,991	69,163,710
Debt Consolidation Loans	59,234,804	68,656,081
Soft Mortgages	15,948,119	14,871,143
Christmas Loans	9,063,313	5,577,368
Medical/Education Loans	<u>3,268,084</u>	<u>3,574,425</u>
	946,454,257	1,066,228,597
Less: Provision for loan losses	<u>(139,418,551)</u>	<u>(93,653,349)</u>
Total loans net of provision for loan losses	<b><u>\$ 807,035,706</u></b>	<b><u>\$ 972,575,248</u></b>



# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

### 8. Loans to Members (continued)

#### 8.2 Terms and conditions

Member loans carry a fixed rate of interest and varied between 0.5% and 1.5% per month for the year ended December 31, 2018 (December 31, 2017: 0.5% and 1.5%).

Ordinary loans consist of term loans that are not real estate or vehicle secured and, as such, have various repayment terms.

Car loans consist of term loans secured by the vehicle being purchased. A down payment into members' shares is required depending on the status of the vehicle being purchased (10% down payment for new vehicles, 20% down payment for foreign used vehicles, and 30% down payment for local used vehicles).

Mortgages (real estate loans and soft mortgages) are loans and lines of credit secured by the residential property (freehold or leasehold land and/or building). 10% of the requested loan must be held in members' shares prior to acquisition of the loan.

Small business loans consist of term loans to sole traders and partnerships and are secured by various types of collateral.

Medical/education loans consist of term loans to members with sudden illnesses, accidents or tertiary education financing needs.

Special loans may consist of term loans of any of the above categories and are offered to long-standing members of the Society or members employed by a host company. They are offered preferential rates of interest and repayment terms.

Debt consolidation loans are used by members to consolidate existing debt.

#### 8.3 Aging of loans to members

	2018	2017
Principal neither past due nor impaired	612,785,465	751,484,327
Principal which is past due but not impaired	166,236,645	174,743,202
Principal which is impaired	167,432,147	140,001,068
Gross Loans	946,454,257	1,066,228,597
Provision for loan losses	(139,418,551)	(93,653,349)
Total loans net of provision for loan losses	<u>\$ 807,035,706</u>	<u>\$ 972,575,248</u>

For management purposes loans are considered to show signs of impairment when greater than thirty (30) days overdue.

#### 8.4 Loans past due but not impaired

	2018	2017
30-59 days	48,444,701	82,610,234
60-89 days	5,524,269	12,240,348
Greater than 90 days	112,267,675	79,892,620
	<u>\$ 166,236,645</u>	<u>\$ 174,743,202</u>

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

### 8. Loans to Members (continued)

#### 8.5 Analysis of movement in provision for loan losses

	2018	2017
Provision at beginning of the year	93,653,349	69,684,629
Current year expected credit losses	27,472,658	-
Impact of initial adoption of IFRS 9 (note 22)	28,187,405	-
Provision for loan losses (IAS 39)	-	24,000,000
Loans written off against provision	(9,894,861)	(31,280)
<b>Provision at end of the year</b>	<b>\$ 139,418,551</b>	<b>\$ 93,653,349</b>

The table below shows the staging of loans to members and the related expected credit losses based on the Company's adoption of IFRS 9 in 2018.

	Stage 1 0 - 90 days in arrears	Stage 2 91 - 120 days in arrears	Stage 3 > 120 days in arrears	Sum Total
Principal	666,754,435	5,839,180	273,860,642	946,454,257
Credit losses	(6,762,436)	(1,818,800)	(130,837,315)	(139,418,551)
	<b>\$ 659,991,999</b>	<b>\$ 4,019,380</b>	<b>\$ 143,023,327</b>	<b>\$ 807,035,706</b>

For the year ended December 31, 2017 the provision represented a collective provision for loan losses. An estimate of the collective provision is based on the period of repayments that are past due. The provision for loan losses in the sum of \$93,653,349) provided for 77% of total non-collateralized loan exposure of \$121,438,207.

### 9. Other Assets

	2018	2017
Visa debit card prepayments	3,103,412	3,115,098
Other receivables	3,865,483	662,890
Prepaid expenses	814,345	641,275
Interest receivable on investments	534,268	326,772
	<b>\$ 8,317,508</b>	<b>\$ 4,746,035</b>

### 10. Members' Deposits

	2018	2017
VENTURE deposit	58,383,744	59,154,948
Members' saving deposit	33,820,960	30,619,969
Retiree members' deposit	3,485,832	4,241,660
Members' savings plan	7,094,272	6,017,563
Members' special deposit	2,987,874	2,752,296
Members' USD fixed deposit	7,543,772	9,706,646
	<b>\$ 113,316,454</b>	<b>\$ 112,493,082</b>

Terms and conditions of deposits:

VENTURE Deposit represents members' funds placed with the Society for a fixed term, usually one year, on which interest is paid monthly to members at rates varying between 1.25% and 2.0% per annum. The minimum investment amount is \$20,000.

Members' Savings Deposit represents funds placed by members on deposit, from which they can withdraw funds to meet their day to day living expenses. No interest is paid on this account.

Retiree Members' Deposit represents funds collected from members who are retirees, which have been specially invested on their behalf in other securities at competitive interest rates. Interest is paid monthly.

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

### 10. Members' Deposits (continued)

Members' Savings Plan represents savings plans operated on behalf of host companies for their employees on terms and conditions negotiated with the Society.

Members' Special Deposit represents funds placed by members on deposit, to be uploaded by the Society to JMMB Bank (T&T) Limited to facilitate the use of the VENTURE Visa Debit Card.

Members' USD Fixed Deposit represents members' US\$ funds placed with the Society for one (1) year at 1% per annum. The minimum investment amount is US\$15,000. Interest is paid upon maturity, however, this product is no longer offered.

### 11. Members' Shares

The Society's ability to lend is built upon the foundation of shares savings. The value of a share is twenty dollars (\$20.00). Members agree to save at least one share per month in order to maintain active financial status. Savings can be made via:

- (i) Cash and cheque payments
- (ii) Salary deductions
- (iii) Standing orders
- (iv) Postdated cheques

Members can use their share savings as collateral for loans. Dividends are paid on a yearly basis at a rate that is determined at Annual General Meeting.

### 12. Other Funds and Liabilities

	2018	2017
Accounts Payable	2,451,207	2,662,976
CCULTT dues reserve	1,737,802	1,428,517
Member's health plan and CUNA Premium	1,205,771	875,547
Provision for employee benefits	435,906	435,906
Life Saving / Loan Protection Premium	193,172	236,248
Children's Foundation Fund	214,190	201,264
Common Good Fund	270,143	171,333
Employee Benefits Payable	359,991	152,518
Unclaimed shares	-	134,920
Unverified deposits	500	61,838
Death claims payable	15,870	12,465
Other	709,245	645,556
	<u>\$ 7,593,797</u>	<u>\$ 7,019,088</u>

### 13. Interest on loans

	2018	2017
Ordinary loan interest	39,329,822	46,916,609
Special loan interest	16,499,428	19,735,948
Mortgage loan interest	13,620,348	16,773,801
Commercial loan interest	7,299,454	15,033,994
New motor vehicle loan interest	6,029,441	7,967,919
Debt consolidation loan interest	4,365,483	6,138,720
Small business loan interest	1,976,091	2,566,562
Used motor vehicle loan interest	820,822	711,482
Medical loan interest	215,744	452,680
Christmas loan interest	582,108	308,390
Education loan interest	149,485	115,129
	<u>\$ 90,888,226</u>	<u>\$ 116,721,234</u>

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

### 13. Interest on loans (continued)

	2018	2017
Interest on loans received during the year	90,888,226	116,721,234
Interest accrual on overdue instalments	16,534,215	14,825,266
Expected credit losses on overdue interest	(16,534,215)	-
Provision for loan interest losses	-	(14,825,266)
	<u>\$ 90,888,226</u>	<u>116,721,234</u>

#### Expected interest credit losses by loan stage:

Stage 1	571,038
Stage 2	291,278
Stage 3	15,671,899
	<u>\$ 16,534,215</u>

### 14. Income from investments

	2018	2017
Interest Income	18,179,385	19,204,688
Dividend Income	1,026,291	954,063
Gain on sale of investment	(41,392)	3,003
Net unrealised loss on current year revaluation	(876,642)	(763,001)
	<u>\$ 18,287,642</u>	<u>\$ 19,398,753</u>

### 15. Personnel costs

	2018	2017
Salaries	14,168,457	12,618,687
Bonuses	1,686,820	1,511,109
N.I.S. Employer contribution	1,155,892	888,845
Pension plan contributions	1,065,773	800,791
Overtime	537,313	867,246
Medical insurance employer	421,233	228,561
Peak time personnel	352,663	488,578
Special projects (contracts)	310,223	407,075
Travel Allowance	304,140	73,500
Staff training	259,407	378,531
Staff relations	200,645	277,752
Cost of living allowance	165,750	152,625
Gratuity	148,997	289,017
Other employee benefits	91,841	361,296
Uniforms	78,965	52,279
Acting appointments	11,173	44,659
Overtime meals	2,354	26,629
Workmen's compensation	-	1,372
	<u>\$ 20,961,646</u>	<u>\$ 19,468,552</u>

Total number of employees	105	114
---------------------------	-----	-----

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

### 16. Occupancy costs

	2018	2017
Building maintenance	1,422,917	1,557,529
Building security	1,628,428	1,497,823
Rent	1,176,000	1,176,000
Office telephone	312,378	348,970
Utilities	342,704	325,232
Internet	368,096	242,811
Mobile phones	202,597	249,913
Cleaning	136,107	159,094
Storage fees	75,430	104,143
Cable charges	33,054	46,010
Health and safety	4,163	46,754
Facsimile	22,139	23,578
Other	147,203	72,582
	<u>\$ 5,871,216</u>	<u>\$ 5,850,439</u>

### 17. Interest on members' deposits and savings

	2018	2017
Interest on Members' VENTURE Deposit	1,228,988	1,690,455
Interest on Members' Savings Plan	239,921	236,377
Interest on Members' Retiree Deposit	74,614	121,145
Interest on Members' USD Fixed Deposit	106,099	55,400
	<u>\$ 1,649,622</u>	<u>\$ 2,103,377</u>

### 18. Professional fees

	2018	2017
Information Technology	874,977	870,371
Legal	236,500	494,548
Human Resources	211,432	328,378
Financial	209,397	185,980
Other	459,992	415,636
	<u>\$ 1,992,298</u>	<u>\$2,294,913</u>

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

*(Expressed in Trinidad and Tobago Dollars)*

---

### 19. CUNA Insurance

This represents the premiums paid for Life Savings and Loan Protection insurance coverage of members' funds.

### 20. Related Parties

#### 20.1 Identity of a related party

A Party is related to the Society if:

- (i) Directly or indirectly, the party
  - controls, is controlled by, or is under common control with the Society;
  - has an interest in the Society that gives it significant influence over the Society; or
  - has joint control over the Society.
- (ii) The party is a member of the key management personnel of the Society.
- (iii) The party is a close member of the family of any individual referred to in (i) or (ii) above.
- (iv) The party is a post-employment benefit plan for the benefit of employees of the Society, or any company that is a related party of the Society.

#### 20.2 Related party transactions and balances

A number of banking transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, on commercial terms and conditions, except for certain loans made available to officers. Loans deemed to be below market rates in accordance with personal income tax legislation are taxed as dictated for in law.

- (i) Outstanding balance

	2018	2017
Member loans to directors and key management personnel	\$ 6,380,186	\$ 1,723,544
Member deposit held by directors and key management personnel	\$ (500,418)	\$ (407,004)
Member shares held by directors and key management personnel	\$ (13,199,044)	\$ (15,088,870)

There were no provisions for loan losses related to the loans outstanding from directors and key management personnel.

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

---

### 20. Related Parties (continued)

#### 20.2 Related party transactions and balances (continued)

##### (ii) Transactions with key management personnel

	2018	2017
Interest income earned on member loans to directors and key management personnel	\$ 473,600	\$ 155,131
Interest expenses incurred on member deposits and shares held by directors and key management personnel	\$ (2,330)	\$ (4,886)

##### (iii) Transactions with key management personnel

Key Management comprises individual responsible for planning, directing and controlling the activities responsible for the Society

Key Management compensation :

Short term benefits	\$ 1,783,273	\$ 2,089,574
---------------------	--------------	--------------

### 21. Financial Instruments

#### 21.1 Financial risk management

The Society's investment activities expose it to a number of financial risks:

- Credit risk
- Liquidity risk
- Market risk

##### *Risk Management Framework*

The Board of Directors has overall responsibility for the management of financial and other risks faced by the Society. The Board establishes and monitors the risk management policies of the organisation which are reviewed regularly to reflect market conditions and the Society's activities.

##### a) *Credit risk*

Credit risk arises from the possibility that counterparties may default on their obligation to the Society. The amount of the Society's maximum exposure to credit risk is indicated by the carrying amount of its financial assets. Financial assets which potentially expose the Society to concentrations of credit risk consist primarily of loans to members.

##### **Loans**

##### *Management of credit risk*

The Credit Committee is responsible for the granting and general supervision of all loans to members in accordance with the Loan and Mortgage Policy established by the Board of Directors. The Board of Directors may from time to time revise the Loan Policy to reflect market conditions and the activities of the Society. Loans Officers have delegated authority to approve loans within specified limits. The Credit Committee and Loans Officers perform internal credit assessments but also rely on external credit reports before loans are granted to members.

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

### 21. Financial Instruments (continued)

#### 21.1 Financial risk management (continued)

##### a) Credit risk (continued)

###### Loans (continued)

###### Management of credit risk (continued)

Once members have the capacity to repay, loans are granted in accordance with the terms and conditions outlined in the Loan Policy. The Credit Committee submits a report to the Board of Directors on its activities on a quarterly basis. The Society has a Delinquency Department which actively monitors members' loans in arrears on a monthly basis. Delinquent members are contacted and reminded of their responsibility to repay their loans in accordance with the loan agreement signed between them and the Society. The Department has the authority to seize and liquidate members' shares and other collateral to recover the loan outstanding. The Society may also seek further redress by referring the matter to the Commissioner for Co-operative Development to obtain judgment against the member in accordance with the Co-operative Societies Act 1971.

###### Allowance for impairment

The Society monitors the aging and credit quality of each loan facility extended. Allowances are established on an aggregate basis on all loans classified as bad debt.

###### Investments

The Society limits its exposure to credit risk by primarily investing in liquid securities, i.e. securities traded on the open market and in fixed deposits held with reputable financial institutions.

###### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2018	2017
Investments	449,987,403	405,057,567
Loans to members (gross)	946,454,257	1,066,228,597
Other assets	8,317,508	4,746,035
Cash and Cash equivalents	250,048,032	157,677,457
	<u>\$ 1,654,807,200</u>	<u>\$ 1,633,709,656</u>

##### b) Liquidity risk

Liquidity risk is the risk that the Society may not be able to meet its financial obligations as they fall due.

###### Management of liquidity risk

The Society's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities without incurring losses or risking damage to its reputation. In order to achieve this objective the Society maintains a certain percentage of its total assets in cash, fixed deposits (maturing 3 months - 1 year) and money market instruments to meet demands for cash withdrawals and other short-term liabilities. The Society also monitors its cash balances on a daily basis and maintains an overdraft facility of \$1 million with its bankers.



# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

### 21. Financial Instruments (continued)

#### 21.1 Financial risk management (continued)

##### b) Liquidity risk (continued)

###### Management of liquidity risk (continued)

The table below shows the maturities of financial instruments:

	Due on Demand	Up to one year	Two to five years	Over five years	Total
<b>December 31, 2018</b>					
Members' Shares	1,301,655,894	-	-	-	1,301,655,894
Other funds and liabilities	7,593,797	-	-	-	7,593,797
Members' Deposits	43,903,107	66,905,047	2,508,300	-	113,316,454
	<b>\$1,353,152,798</b>	<b>\$ 66,905,047</b>	<b>\$2,508,300</b>	<b>\$ -</b>	<b>\$1,422,566,145</b>
<b>December 31, 2017</b>					
Members' Shares	1,286,330,974	-	-	-	1,286,330,974
Other funds and liabilities	7,019,088	-	-	-	7,019,088
Members' Deposits	39,389,828	71,125,124	1,978,130	-	112,493,082
	<b>\$1,332,739,890</b>	<b>\$71,125,124</b>	<b>\$1,978,130</b>	<b>\$ -</b>	<b>\$1,405,843,144</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

##### c) Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Society's income or the value of its holdings of financial instruments.

###### Foreign currency risk

Foreign 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. Currency risk arises on financial instruments that are denominated in a foreign currency, that is, in a currency other than the functional currency in which they are measured.

###### Exposure to foreign currency risk

The Society's exposure to currency risk was as follows based on notional amounts:

	USD	CAD	Total
<b>Year ended December 31, 2018</b>			
Cash and cash equivalents	9,909,593	-	9,909,593
Investments	79,041,694	820,017	79,861,711
	<b>\$ 88,951,287</b>	<b>\$ 820,017</b>	<b>\$ 89,771,304</b>
<b>Year ended December 31, 2017</b>			
Cash and Cash equivalents	10,282,652	-	10,282,652
Investments	53,255,404	919,776	54,175,180
	<b>\$ 63,538,056</b>	<b>\$ 919,776</b>	<b>\$ 64,457,832</b>

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

---

### 21. Financial Instruments (continued)

#### 21.1 Financial risk management (continued)

##### *c) Market risks (continued)*

##### Foreign currency risk (continued)

The following significant exchange rates applied during the year:

Reporting date spot rate	2018	2017
USD 1	6.7805	6.7628
CAD 1	5.1710	5.4231

##### *Sensitivity analysis*

At December 31, 2018, if the currency had weakened/strengthened by 5% against the United States dollar (USD) with all other variables constant, post-tax profit for the year would have been \$ 4,447,564 (2017: \$3,176,903) lower/higher, mainly as a result of foreign exchange losses/gains on translation of USD denominated balances.

At December 31, 2018, if the currency had weakened/strengthened by 5% against the Canadian dollar (CAD) with all other variables constant, post-tax profit for the year would have been \$41,001 (2017: \$45,989) lower/higher, mainly as a result of foreign exchange losses/gains on translation of CAD denominated balances.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises on interest-bearing financial instruments recognized in the statement of financial position.

##### *Management of interest rate risk*

The primary goal of the Society's investment strategy is to maximize investment returns while maintaining risks at an acceptable level. The value of the Society's financial investments will fluctuate due to changes in market prices of the quoted equity and debt securities. The Society manages market risks by using the following strategies:

- Investing a certain percentage of total assets in financial instruments and monitoring the mix of debt and equity securities in its investment portfolio based on market expectation
- Monitoring the price movements of debt and equity securities on a monthly basis in order to determine market trends
- Investing in debt and equity securities that do not have a documented history of high price volatility and are easily tradable
- Relying on advice from external professional financial advisors before making a decision to buy or sell investments, and
- Decisions to buy and sell investments must be approved by the Board of Directors.

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

(Expressed in Trinidad and Tobago Dollars)

### 21. Financial Instruments (continued)

#### 21.1 Financial risk management (continued)

##### *c) Market risks (continued)*

##### Interest rate risk (continued)

##### *Profile*

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

	Carrying Amount	
	2018	2017
<b>Fixed Rate Instruments</b>		
Financial Assets	1,369,686,193	1,417,124,504
Financial Liabilities	<u>(113,316,454)</u>	<u>(112,493,082)</u>
	<u><b>\$ 1,256,369,739</b></u>	<u><b>\$ 1,304,631,422</b></u>

##### **Variable rate instruments**

	Carrying Amount	
	2018	2017
Financial assets	<u><b>\$ 223,020,127</b></u>	<u><b>\$ 157,850,636</b></u>

##### *Sensitivity analysis*

The Society does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect surplus or loss.

A change of 1% in interest rates would have increased or decreased equity by \$ 2,230,201 (2017: \$1,578,506).

#### 21.2 Fair value measurements

The Society measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

*(Expressed in Trinidad and Tobago Dollars)*

---

### 21. Financial Instruments (continued)

#### 21.2 Fair value measurements (continued)

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Observable prices or model inputs are usually available in the market for listed debt and equity securities. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

At year end, the financial instruments were measured at fair value as follows:

	2018	2017
Level 1	44,359,020	36,458,906
Level 2	16,799,988	157,940,516
Level 3	388,227,771	205,070,075
	<u>\$ 449,386,779</u>	<u>\$ 399,469,497</u>

#### 21.3 Capital management

The board seeks to maintain a strong capital base so as to maintain member and creditor confidence. The Society defines capital as total members' equity and reserves. There were no changes in the Society's approach to capital management during the year. The Society is not subject to any externally-imposed capital requirement.

# VENTURE CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

## Notes to the Financial Statements

For the year ended December 31, 2018

*(Expressed in Trinidad and Tobago Dollars)*

---

### 22. Impact of adoption of IFRS 9

The adoption of IFRS 9 on January 1, 2018 resulted in changes to the accounting policies for recognition, classification and measurement of financial assets and impairment of financial assets. As permitted by the transitional provisions of IFRS 9, an election was made to not restate prior period results; accordingly, all comparative period information is presented in accordance with the previous accounting policies.

Applicable adjustments to carrying amounts of financial assets and liabilities at the date of initial application (January 1, 2018) were recognized in the opening statement of financial position as shown below:

	As at December 31, 2017 IAS 39	Impact of IFRS 9 impairment	As at January 1, 2018 IFRS 9
<b>Assets</b>			
Loans to Members	\$972,575,248	\$(28,187,405)	\$944,387,843
<b>Members' Equity</b>			
Undivided earnings	\$111,104,367	\$(28,187,405)	\$82,916,962

### 23. Subsequent Events

The Company evaluated all events that occurred from January 1, 2019 through March 15, 2019, the date the financial statements were available to be issued. During the period, the Company did not have any subsequent events requiring recognition or disclosure in the financial statements.