

Board of Directors



Mr. Terence Boswell Inniss
President



Ms. Bliss Seepersad
Vice President



Mr. John B.C. Martin
Director



Mr. Percy Farrell
Director



Mr. Keith Ortiz
Director



Ms. Joanne Prosper
Director



Mr. Leslie Clarke
Director



Mr. Stephen Allum Poon
Director



Ms. Jo-Anne Julien
Director / Ex Officio Counsel



Mr. Leslie Nelson
Secretary



Vision Statement

To be a strong, dynamic organisation, providing easy access to home mortgage financing and maintaining and enhancing our customer service, thereby ensuring customer loyalty.

Mission Statement

To enable you to own, renovate or improve your existing property, by providing easy access to mortgage financing.

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Customer Care

At TBLA, we care about the total customer experience you receive.

We provide personalized attention and quick processing times when conducting business.

Visit the TBLA for the service you deserve.

TBLA
DOWN PAYMENT
Savings Plan
The Right Start to Home Ownership.

*Build
On love
to last a
lifetime*

**OPEN A
DSP**

Save towards the down payment of a house or land purchase

TBLA
THE TRINIDAD BUILDING & LOAN ASSOCIATION
Housing Finance Institution Since 1891
Thrift and Home Ownership
Easy access to mortgage financing

The Trinidad Building and Loan Association

Notice of Meeting

124th ANNUAL MEETING

Notice is hereby given that the One Hundred and Twenty Fourth Annual Meeting of The Trinidad Building and Loan Association will be held at Radisson Hotel Trinidad, Calypso Lounge, Wrightson Road, Port-of-Spain on **Thursday 26th March, 2015 at 5:00 p.m.** for the following purposes:-

Namely:

1. To receive and consider the Financial Statements and the General Statement of the Affairs of the Association under the Building Societies Ordinance, Ch.33:04 for the year ended December 31, 2014 and the reports of the Directors and Auditors thereon.
2. To elect Directors.
3. To elect a President and Vice-President.
4. To appoint auditors for the ensuing year at a fee to be fixed by the Board.
5. To transact such other ordinary business of the Association as may directly arise out of the consideration of the Annual Report.

Mrs. Joanne Prosper and Mr. Keith Ortiz - directors who retire by rotation under Rule 4.2, being eligible, offers themselves for re-election.

In March 2014 Mr. Teasley Taitt, Vice President passed away and in accordance with Rule 4.10, the Board of Directors appointed Mr. Stephen Allum Poon to fill the vacancy until this Annual General Meeting.

In accordance with Rule 4.6, a nomination has been received for Mr. Stephen Allum Poon to be elected as a Director. No other nominations have been received for the vacant post of Director.

A bonafide member can attend and vote at the meeting is entitled, subjected to Rule 9.8 of the Rules of the Association, to appoint a proxy to attend and vote in his stead. A proxy must also be a member of the Association.

The TBLA 2014 Annual Report can be collected at the Association's office.

BY ORDER OF THE BOARD

Leslie Nelson
SECRETARY

Corporate Information

Directors	Yr. of Appt		Yr. of Election
Mr. Terence Boswell Inniss - President	June	1992	2012
Ms. Bliss Seepersad - Vice President	September	2008	2013
Mr. J.B.C. Martin C.A., F.C.A.	June	1974	2014
Ms. Jo-Anne Julien – Counsel	July	2001	(Ex-Officio)
Mr. Keith Ortiz	January	1993	2012
Mr. Percy Farrell	February	1996	2014
Ms. Joanne Prosper	April	2011	2011
Mr. Leslie Clarke	September	2013	2014
Mr. Stephen Allum-Poon	July	2014	-

CHIEF EXECUTIVE OFFICER/ SECRETARY

Mr. Leslie Nelson FCMA,CA,MBA,FLMI

REGISTERED OFFICE

The Trinidad Building and Loan Association

89 Queen Street, Port of Spain

Trinidad and Tobago, W.I

Phone: (868) 623-1501/4

Fax: (868) 627-0675

Website: tblamortgages.com

Email: info@tblamortgages.com

Website: www.tblamortgages.com

ATTORNEYS-AT-LAW

Lex Caribbean

1st Floor, 5-7 Sweet Briar Road

St Clair

Trinidad & Tobago, W.I

Phone (868) 628-9255

ATTORNEYS-AT-LAW

Wheeler & Co.

22-24 St Vincent Street

Port of Spain

Trinidad & Tobago, W.I

Phone: (868) 627-9014

Maurice Valere

2nd Floor, 37 Abercromby Street,

Port of Spain

Trinidad & Tobago, W.I

Phone: (868) 625-1339

BANKERS

RBC Royal Bank Limited

Independence Square

Port of Spain

Trinidad & Tobago W.I

Phone (868) 625-7288

AUDITORS

PKF

90 Edward Street

Port of Spain

Trinidad and Tobago, W.I.

Phone: (868) 624-4569

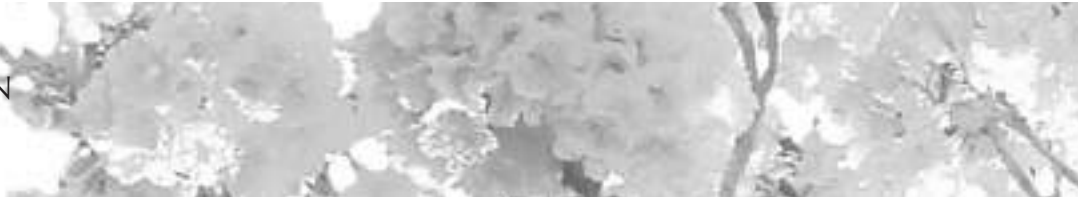
Directors' Report

Your Directors have the honour to present their Annual Report as well as the Financial Statements and Report of the Auditors for the year 2014.

Revenue and Appropriation Account

	2014	2013
	\$	\$
Revenue	4,971,876	4,725,982
Expenditure	3,412,556	3,458,598
Operating Surplus for the year	1,559,320	1,267,384
Investment income	-	-
Net Surplus for the year	1,559,320	1,267,384
Appropriation to Dividend	(467,584)	(380,215)
The following dividends were declared:		
Interim dividends of 3.00% at 30th June (2013: 3.00%)	253,188	(190,817)
Final dividends of 3.5% at 31st December (2013:3.5%)	334,861	(255,056)
	(588,049)	(445,873)
Balance After Appropriation and Dividends	503,687	441,296
To which was added the balance of Revenue to/Reserve brought forward	22,740,259	22,354,012
Transfer from Dividend Reserve	(39,364)	(55,049)
Borrowers' paid up shares adjustment	-	-
Retained Earnings carried forward	23,204,582	22,740,259





Directors' Report (Cont'd)

Subscription Shares

In 2014, the Subscription Share portfolio increased from \$8,153,433 to \$10,413,175 or 27.71%. During 2014, 901 shares were sold when compared to 1,194 in 2013. Also in 2014, subscription shares to the value of \$143,453 matured. Total shares to the value of \$378,417 was repaid in 2014, of which the amount of \$137,871 was attributable to matured shares from the current and previous periods.

Savings Portfolio

At the end of 2014, this portfolio amounted to \$5,180,883 compared with \$5,643,854 in 2013, a decrease of 8.20%.

Special (Fixed) Deposit

Special Deposits as at 31st December 2014 was \$4,565,841 a decrease of \$135,698 or 2.88%.

Mortgage Loan

The mortgage portfolio was \$43.5M at December 31, 2014. New Loans disbursed in 2014 amounted to \$5.7M. However there were early repayments of \$2.6M in 2014.

Interest Income

Mortgage interest income increased by \$253,000 due to the increase in the portfolio throughout 2013 and the attendant income in 2014 for the entire year.

Total Assets

Assets increased by 3.50% from \$68.6M in 2013 to an amount of \$71.0M as at the end of 31st December 2014.

Net Income

In 2014 an interim dividend of 3.0% was paid and credited to share accounts at 30th June 2014, while a final dividend of 3.5% was paid and credited on 31st December 2014. Total dividend paid for the year 2014 was therefore 6.5%.

Group Health and Accident Insurance Plan

This plan which was established in 1966 is operated on a 60% (company):40% (employee) contributory basis for the benefit of the staff and to which the sum of \$26,957 was contributed by the Association during this year. (2013: \$28,897).

Auditors

Messrs. PKF, the Auditors of the Association, whose term of office has come to a close and being eligible, have offered themselves for re-appointment.



Terence Boswell Inniss

President's Report

Global and National Prospective

There was momentum in global economic activity in 2014, leading to a general strengthening in the recovery from the financial challenges of the previous years.

The economy in the United States displayed resilience in 2014 with growth of 2.4% at the end of December 2014.

Economic activity remains weak in the Eurozone with growth of 0.9% to December 2014 and the threat of deflation earlier in the year.

The Caribbean was faced with factors which inhibited growth in the region particularly in tourism markets where the improvements in the United States and United Kingdom economies have not yet trickled down into the Caribbean tourism sector. Though the global financial crisis has technically ended, the aftershocks are being amplified on islands that depend on tourist activity for support.

In Trinidad, the economy picked up pace in 2014 driven by an expansion in the energy sector. However, plummeting oil prices are expected to result in adverse economic activity with reduced government spending.

In his budget presentation 2014/ 2015, the Minister of Finance and the Economy noted the unemployment rate for 2014 averaged 3.6% with inflation averaging 2.8%, the lowest in ten (10) years. In addition, the

rating agencies Standard and Poor's, Moody's Investors Services and Caribbean Information and Credit Services Limited have maintained the country's excellent investment grade ratings.

Industry Review and Outlook

High Liquidity in the economy continued in 2014 which maintained the trend downwards of low mortgage rates.

In his 2014/ 2015 budget presentation, the Minister of Finance and the Economy expanded the Government of Trinidad and Tobago's existing 2.00% mortgage programme by increasing qualifying property values and combined monthly income under this programme. He also introduced a new measure with rates of 5.0% for higher income earners for properties not exceeding \$1.2 million dollars. In addition he increased the tax allowance to \$25,000.00 on mortgage interest paid for first time home owners.

These measures which are geared towards beneficiaries of the Government housing stock are certain to also continue to have the effect of depressed mortgage rates.

Results Analysis

The Association net assets increased by 2.00% from \$46.7M in 2013 to \$47.7M in 2014.

Profit before dividends increased by 15.40% from \$1.3M in 2013 to \$1.5M in 2014.



President's Report (Cont'd)

Members shareholding increased by 28.39% from \$8.1M to \$10.4M which represents continued confidence in the operations and future growth of the Association.

In 2014 the Association embarked on an investment campaign to encourage customers and new investors to partner with us to expand our deposit portfolio. The result of this initiative is being realized in 2015.

Acknowledgement

At the 2013 Annual Meeting, Mr. Leslie Clarke was elected to the Board of Directors.

Mr. Stephen Allum Poon was appointed to the Board of Directors in 2014 to fill a temporary vacancy.

I wish to specially welcome both Mr. Clarke and Mr. Allum Poon to the Board of Directors of The Trinidad Building and Loan Association.

I also wish to thank my other fellow members of the Board, Management, Staff and Shareholders for their contributions to the continued success of the Association in 2014.

Terence Boswell Inniss
President



Financial Statements

31 DECEMBER 2014

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Trinidad Building and Loan Association

Statement of Management Responsibilities

It is the responsibility of management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association as at the end of the financial year and of the operating result as of the Association for the year. It is also management's responsibility to ensure that the Association keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. They are also responsible for safeguarding the assets of the Association.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards. Management are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Association and of its operating results. Management further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of Management to indicate that the Association will not remain a going concern for at least the next twelve months from the date of this statement.

Director
Date: 11th March, 2015

Director
Date: 11th March, 2015

INDEPENDENT AUDITORS' REPORT

The Members

The Trinidad Building and Loan Association

We have audited the accompanying financial statements of The Trinidad Building and Loan Association, which comprise the statement of financial position as at 31 December 2014, the statements of comprehensive income, changes in funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Trinidad Building and Loan Association as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Port-of-Spain
11 March 2015

STATEMENT OF FINANCIAL POSITION

Assets:	Notes	31 December	
		<u>2014</u>	<u>2013</u>
Cash and cash equivalents	5	\$ 10,233,821	\$ 5,893,072
Accounts receivable and prepayments	6	573,172	460,101
Investments	7	<u>5,808,359</u>	<u>8,263,563</u>
		16,615,352	14,616,736
Mortgages	8	42,005,968	41,583,037
Land loans	9	1,488,435	1,429,878
Fixed assets	10	<u>10,940,529</u>	<u>11,036,897</u>
Total Assets		<u>71,050,284</u>	<u>68,666,548</u>
 Liabilities:			
Accounts payable and accruals	11	2,806,336	3,062,540
Depositors	12	9,746,724	10,345,393
Unpaid matured shares	13	363,191	357,609
Members/Shareholders	14	<u>10,413,175</u>	<u>8,153,433</u>
Total Liabilities		<u>23,329,426</u>	<u>21,918,975</u>
Net Assets		<u>\$ 47,720,858</u>	<u>\$ 46,747,573</u>
 Financed by:			
Dividend Reserve		\$ 2,304,020	\$ 1,797,072
Capital Reserve		8,570,752	8,570,752
Investment Remeasurement Reserve		7,546	5,532
Revenue Reserve		23,204,582	22,740,259
Special Reserve Fund		<u>13,633,958</u>	<u>13,633,958</u>
Total Funds		<u>\$ 47,720,858</u>	<u>\$ 46,747,573</u>

These draft financial statements were approved by the Board of Directors and authorized for issue on 11 March 2015 and signed on their behalf by



Terence Boswell Inness: President



Leslie Nelson: Secretary

(The accompanying notes form part of these financial statements)

STATEMENT OF COMPREHENSIVE INCOME

		31 December	
	<u>Notes</u>	<u>2014</u>	<u>2013</u>
Interest earned	15	\$ 4,274,468	\$ 4,021,666
Other income	16	<u>697,408</u>	<u>704,316</u>
Total income		<u>4,971,876</u>	<u>4,725,982</u>
Interest paid	17	88,238	54,804
Loan loss expense		100,000	100,000
Other expenditure	18	<u>3,224,318</u>	<u>3,303,794</u>
Total expenditure		<u>3,412,556</u>	<u>3,458,598</u>
Net surplus for the year		1,559,320	1,267,384
Other Comprehensive Income:			
Unrealised gain/(loss) on available-for-sale financial assets		<u>2,014</u>	<u>(5,778)</u>
Total comprehensive income for the year		<u>\$ 1,561,334</u>	<u>\$ 1,261,606</u>



STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014

	<u>Dividend Reserve</u>	<u>Capital Reserve</u>	<u>Investment Remeasurment Reserve</u>	<u>Revenue Reserve</u>	<u>Special Reserve Fund</u>
Balance as at 1 January 2013	\$ 1,361,808	\$ 8,570,752	\$ 11,310	\$ 22,354,012	\$ 13,633,958
Net surplus for the year				1,267,384	
Investment Re-measurement Reserve Adjustment			(5,778)		
Dividend Reserve Addition	380,215			(380,215)	
Addition	55,049			(55,049)	
Interim dividend June : 3%				(190,817)	
Final dividend December: 3.5%	-	-	-	(255,056)	-
Balance as at 31 December 2013	<u>\$ 1,797,072</u>	<u>\$ 8,570,752</u>	<u>\$ 5,532</u>	<u>\$ 22,740,259</u>	<u>\$ 13,633,958</u>
Balance as at 1 January 2014	\$ 1,797,072	\$ 8,570,752	\$ 5,532	\$ 22,740,259	\$ 13,633,958
Net surplus for the year				1,559,320	
Investment Re-measurement Reserve Adjustment			2,014		
Dividend Reserve Addition	467,584			(467,584)	
Addition	39,364			(39,364)	
Interim dividend June : 3%				(253,188)	
Final dividend December: 3.5%	-	-	-	(334,861)	-
Balance as at 31 December 2014	<u>\$ 2,304,020</u>	<u>\$ 8,570,752</u>	<u>\$ 7,546</u>	<u>\$ 23,204,582</u>	<u>\$ 13,633,958</u>

(The accompanying notes form part of these financial statements)

STATEMENT OF CASH FLOWS

	31 December	
	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Net surplus for the year	\$ 1,559,320	\$ 1,267,384
Gain on disposal of investment	-	(11,310)
Bad debts written off	70,046	5,980
Gain on disposal of fixed asset	(92,744)	-
Loan loss expense	100,000	100,000
Depreciation	<u>107,428</u>	<u>152,144</u>
Operating profit before changes in operating assets	1,744,050	1,514,198
Net change in accounts receivable and prepayments	(183,117)	(29,093)
Net change in accounts payable and accruals	<u>(256,204)</u>	<u>603,061</u>
Net cash provided by operating activities	<u>1,304,729</u>	<u>2,088,166</u>
Cash flows from investment activities:		
Net change in land loans	(58,557)	165,650
Net change in investments	2,457,218	1,069,399
Net change in mortgages from members	(522,931)	(7,300,182)
Proceeds from disposal of fixed assets	92,750	-
Fixed assets purchased	<u>(11,066)</u>	<u>(151,109)</u>
Net cash used in investing activities	<u>1,957,414</u>	<u>(6,216,242)</u>
Cash flows from financing activities:		
Net change in depositors	(598,669)	(797,453)
Net change in members' balances	5,582	(176,058)
Net change in amounts due to shareholders	2,259,742	2,297,350
Dividends paid	<u>(588,049)</u>	<u>(445,873)</u>
Net cash provided by financing activities	<u>1,078,606</u>	<u>877,966</u>
Net change in cash and cash equivalents	4,340,749	(3,250,110)
Cash and cash equivalents at the beginning of the year	<u>5,893,072</u>	<u>9,143,182</u>
Cash and cash equivalents at the end of the year	<u>\$ 10,233,821</u>	<u>\$ 5,893,072</u>

(The accompanying notes form part of these financial statements)

1. **Registration and Principal Activity:**

The Association is registered in the Republic of Trinidad and Tobago under the Building Societies Act Ch. 33:04 to make advances to members to acquire or to make improvements to freehold or leasehold estates, out of the funds of the Association by way of mortgage upon the security of such unencumbered estates. The address of its registered office is 89 Queen Street, Port of Spain.

2. **Statement of Accounting Policies:**

a) **Basis of financial statements preparation -**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Trinidad and Tobago dollars rounded to the nearest dollar. These financial statements are stated on the historical cost basis, except for the measurement at fair value of available-for-sale investments and certain other financial instruments.

b) **Use of estimates -**

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Association's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

c) **New Accounting Standards and Interpretations -**

i) The Association has applied the following standards and amendments that became effective during the current year:

IAS 32 Financial Instruments: Presentation - Amendment relating to the offsetting of assets and liabilities (effective for accounting periods beginning on or after 1 January 2014).

IAS 36 Impairment of Assets – Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets (effective for accounting periods beginning on or after 1 January 2014).

ii) The Association has not applied the following standards and amendments that became effective during the current year, as they do not apply to the activities of the Society:

IFRS 2 Share-based payment – Amendment to the definition of vesting condition (effective for accounting periods beginning on or after 1 July 2014).

2. Significant Accounting Policies (Cont'd):**(c) New Accounting Standards and Interpretations (cont'd) -**

- IFRS 3 Business Combinations – Amendment re: accounting for a contingent consideration in a business combination (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 3 Business Combinations – Amendment on the scope of exception for joint ventures (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 8 Operating Segments – Amendment re: disclosure of the aggregation of operating segments and the reconciliation of assets (effective for accounting periods beginning on or after 1 July 2014).
- IFRS 10 Consolidated Financial Statements – Amendment for investment entities (effective for accounting periods beginning on or after 1 January 2014).
- IFRS 12 Disclosure of Interests in Other Entities – Amendment for investment entities (effective for accounting periods beginning on or after 1 January 2014).
- IFRS 13 Fair Value Measurement – Amendment re: clarification of portfolio exception (effective for accounting periods beginning on or after 1 July 2014).
- IAS 16 Property, Plant and Equipment – Amendment re: proportionate restatement of accumulated depreciation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014).
- IAS 24 Related Party Disclosures – Amendment on disclosures for entities providing key management personnel services (effective for accounting periods beginning on or after 1 July 2014).
- IAS 27 Separate Financial Statements – Amendment to measure at fair value eligible investment entities (effective for accounting periods beginning on or after 1 January 2014).
- IAS 32 Financial Instruments; Presentation – Amendment re: application guidance on the offsetting of financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2014).
- IAS 38 Intangible Assets – Amendment re: the proportionate restatement of accumulated amortisation under the revaluation method (effective for accounting periods beginning on or after 1 July 2014).

2. **Significant Accounting Policies (Cont'd):**

(c) **New Accounting Standards and Interpretations (cont'd)**

IAS 39 Financial Instruments: Recognition and Measurement – Amendment re: the novation of derivatives and continuation of hedge accounting (effective for accounting periods beginning on or after 1 January 2014).

IAS 40 Investment Property – Amendment re: clarification of specific transactions that are both business combinations and investment property (effective for accounting periods beginning on or after 1 July 2014).

IFRIC 21 Levies (effective for accounting periods beginning on or after 1 January 2014).

iii) The Association has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they either do not apply to the activities of the Association or have no material impact on its financial statements, except for IFRS 9 Financial Instruments:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - 2014 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2016).

IFRS 7 Financial Instruments: Disclosures - 2014 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2016).

IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).

IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective for accounting periods beginning on or after 1 January 2016).

IFRS 10 Consolidated Financial Statements - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).

IFRS 11 Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation (effective for accounting periods beginning on or after 1 January 2016).

IFRS 12 Disclosure of Interest in Other Entities - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).

2. Significant Accounting Policies (Cont'd):**(c) New Accounting Standards and Interpretations (cont'd)**

- IFRS 14 Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2017).
- IAS 1 Presentation of Financial Statements - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2016).
- IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).
- IAS 16 Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).
- IFRS 19 Employee Benefits: Disclosures - 2014 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2016).
- IAS 27 Separate Financial Statements - Amendments reinstalling the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective for accounting periods beginning on or after 1 January 2016).
- IAS 28 Investment in Associates - Amendments regarding the sale or contribution of assets between investor and its associate or joint venture (effective for accounting periods beginning on or after 1 January 2016).
- IAS 28 Investment in Associates - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).
- IAS 34 Interim Financial Reporting - 2014 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2016).
- IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).
- IAS 41 Agriculture - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).

2. **Significant Accounting Policies (Cont'd):**

(c) **New Accounting Standards and Interpretations (cont'd)**

The adoption of IFRS 9 Financial Instruments may result in significant changes in the Association's classification and presentation of financial instruments.

d) **Fixed assets -**

Fixed assets are stated at historical cost, and except for freehold buildings, are depreciated on the straight-line basis at rates estimated to write off the assets over their respective useful lives.

The following rates are considered appropriate to write-off the assets over their estimated useful lives:

Office equipment and fittings	-	20%
Motor vehicles	-	25%
Computer equipment	-	20% - 33 1/3%
Machines	-	10%
Office furniture	-	5%

Increases in the carrying amount arising on revaluation of land and buildings are credited to Capital Revaluation Reserve in Members' Equity. Decreases that offset previous increases of the same asset are charged against reserves directly in equity; all other decreases are charged to the Statement of Comprehensive Income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the Statement of Comprehensive Income and depreciation based on the asset's original cost is transferred from the Capital Revaluation Reserve to the Revenue Reserve. When revalued assets are sold, the amounts included in the Capital Revaluation Reserve are transferred to the Revenue Reserve.

The assets' residual values and useful lives are reviewed at each Statement of Financial Position date, and adjusted as appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the "Gain/Loss on Disposal" account in the Statement of Comprehensive Income.

2. Statement of Accounting Policies (Cont'd):**e) Income and expenditure -**

- (i) Income items are dealt with as follows:
 - (a) Mortgage interest, investments, bank deposits and savings revenues are dealt with on the accruals basis.
 - (b) Other income is dealt with on the receipts basis.
- (ii) Expenditure items are dealt with on the accruals basis.

f) Investments -

The Association has classified all investments into the following categories:

Available for sale

These securities are intended to be held for an indefinite period of time but may be sold in response to the needs for liquidity or changes in interest rates, exchange rates or equity prices. After initial recognition, available-for-sale investments are measured at fair value with unrealised gains or losses recognised in the Investment Re-measurement Reserve.

For actively traded investments, fair value is determined by reference to the Stock Exchange quoted market prices at the Statement of Financial Position date, adjusted for transaction costs necessary to realise the investment. For investments where there is no quoted market price, the carrying value is deemed to approximate fair value.

Held to maturity

These are securities which are held with the positive intention of holding them to maturity and are stated at amortized cost less provisions made for any permanent diminution in value. Amortised cost is calculated by taking into account any premium or discounts on acquisition over the period of maturity using the effective interest rate method.

2. **Statement of Accounting Policies (Cont'd):**

g) **Financial instruments -**

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised on the Association's Statement of Financial Position when the Association becomes a party to the contractual provisions of the instrument.

Financial assets

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date that is the date on which the Association commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

Impairment of financial assets

The Association assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial assets or group of financial assets is impaired includes observable data that comes to the attention of the Association about the following loss events:

2. Significant Accounting Policies (Cont'd):**g) Financial instruments (cont'd) -****Impairment of financial assets (cont'd)**

- i) Significant financial difficulty of the issuer or obligor.
- ii) A breach of contract, such as default or delinquency in interest or principal payments.
- iii) It becoming probable that the borrower will enter in bankruptcy or other financial reorganization.
- iv) The disappearance of an active market for that financial asset because of financial difficulties.
- v) Observable data indicating that there is a measurable decrease in the estimated cash-flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Association or national or economic conditions that correlate with defaults on assets in the Association.

The Association first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Association determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. Impairment losses are recorded in an allowance account and are measured and recognised as follows:

i) Financial assets measured at amortised cost

The difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognised in the Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the Statement of Comprehensive Income.

2. **Significant Accounting Policies (Cont'd):**

g) **Financial instruments (cont'd) -**

Impairment of financial assets (cont'd)

ii) **Financial assets measured at cost**

The difference between the assets' carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the current market's rate of return for similar financial assets is recognised in the Statement of Comprehensive Income. These losses are not reversed

Financial liabilities

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished that is when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market value.

Trade receivables

Trade receivables are measured at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in Statement of Comprehensive Income when there is objective evidence that the asset is impaired.

Mortgage loans

Mortgage loans are stated at principal amounts outstanding net of allowances for loan losses. Specific provisions are made for potential losses on non-performing loans on the basis of net realisable value. Periodic portfolio reviews are conducted during the course of each year to determine the adequacy of the provision.

Loans are secured by various forms of collateral, including charges over tangible assets, certificates of deposit, and assignment of funds held with other financial institutions.

2. Significant Accounting Policies (Cont'd):**g) Financial instruments (cont'd) -**Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Members' deposits

Members' deposits are stated at the principal amounts invested by members together with any capitalised interest. Members' deposits bear interest at rates that are not significantly different from current market rates.

Members' shares

Members' shares are classified as liabilities and stated at fair value.

h) Dividends payable to members -

Dividends are computed on the basis of the average value of shares held throughout the year, the average being determined on the basis of the value of shares held at the end of each month. Dividends that are proposed and declared after the reporting date are not shown as a liability in accordance with IAS 10 but are disclosed as a note to the financial statements.

i) Provisions -

Provisions are recognised when the Association has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of Financial Position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

j) Retirement benefit plan -

The Association operates a defined benefit plan covering substantially all eligible employees of the Association. The fund of this plan is administered by three trustees and is separate from the Association's assets. Contributions to the plan are based upon the triennial actuarial valuation and are charged against profits on the accruals basis. The last actuarial valuation of the Plan, which was carried out as at 31 December 2012, revealed that the value of the assets exceeded the liabilities by **\$16,100,000**. The next actuarial valuation is due 31 December 2015.

2. **Significant Accounting Policies (Cont'd):**

k) **Taxation -**

The Association's net income and gross receipts are exempted from Corporation Tax and Business Levy under Sections 6(1)(J) and 3A(2)(c) of the Corporation Tax Act (Ch. 75:02 of the laws of Trinidad and Tobago).

l) **Comparative information -**

Where necessary, comparative data has been adjusted to conform with changes in presentation in the current year.

3. **Financial Risk Management:**

Financial risk factors

The Association's activities are primarily related to the use of financial instruments. The Association accepts funds from members and earns interest by investing in equity investments, government securities and on-lending to members at higher interest rates.

Financial Instruments

The following table summarizes the carrying amounts and fair values of the Association's financial assets and liabilities:

	2014	
	<u>Carrying Value</u>	<u>Fair Value</u>
Financial Assets		
Cash and cash equivalents	\$ 10,233,821	\$ 10,233,821
Interest receivable	104,159	104,159
Investments	5,808,359	5,808,359
Mortgages	42,005,968	42,005,968
Financial Liabilities		
Depositors	9,746,724	9,746,724
Members/Shareholders	10,413,175	10,413,175
Interest on fixed deposits	20,000	20,000

3. Financial Risk Management (Cont'd):

Financial risk factors (cont'd)

	2013	
	<u>Carrying Value</u>	<u>Fair Value</u>
Financial Assets		
Cash and cash equivalents	\$ 5,893,072	\$ 5,893,072
Interest receivable	126,819	126,819
Investments	8,263,563	8,263,563
Mortgages	41,583,037	41,583,037
Financial Liabilities		
Depositors	10,345,393	10,345,393
Members/Shareholders	8,153,433	8,153,433
Interest on fixed deposits	23,488	23,488

4a) **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.

The Association is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including investments in bonds, loans, customer deposits and other funding instruments.

The exposure is managed through the matching of funding products with financial services and monitoring market conditions and yields.

i) Bonds

The Association invests mainly in medium to long term bonds consisting of both floating rate and fixed rate instruments.

The market values of the fixed rate bonds are not very sensitive to changes in interest rates. The market values of the floating rate bonds are sensitive to changes in interest rates. The longer the maturity of the bonds, the greater is the sensitivity to changes in interest rates. Because these assets are being held to maturity and are not traded, any changes in market value will not impact the Statement of Comprehensive Income.

The Association actively monitors bonds with maturities greater than ten years, as well as the interest rate policies of the Central Bank of Trinidad and Tobago.

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3. **Financial Risk Management (Cont'd):**

Financial risk factors (cont'd)

a) **Interest rate risk (cont'd) -**

ii) Mortgage Loans

The Association grants mortgage loans on an adjustable rate basis of a long term nature. These are funded mainly from members' deposits and shares.

iii) Interest rate sensitivity analysis

The Association's exposure to interest rate risk is summarized in the table below, which analyses assets and liabilities at their carrying amounts categorized according to their maturity dates.

		2014					
	Effective Rate	Up to 1 year	1 to 5 years	Over 5 years	Non-Interest Bearing	Total	
Financial Assets							
Cash and cash equivalents	1.2%	\$ 10,233,821	\$ -	\$ -	\$ -	\$ 10,233,821	
Interest receivable	7.5%	104,159	-	-	-	104,159	
Investments	7.5%	104,151	2,102,555	3,601,653	-	5,808,359	
Mortgages	7.5%	<u>1,268,667</u>	<u>5,627,727</u>	<u>35,109,574</u>	-	<u>42,005,968</u>	
		<u>\$ 11,710,798</u>	<u>\$ 7,730,282</u>	<u>\$38,711,227</u>	<u>\$ -</u>	<u>\$ 58,152,307</u>	
Financial Liabilities							
Depositors	1.5%	\$ 4,420,046	\$ 1,295,221	\$ 4,031,457	\$ -	\$ 9,746,724	
Members/Shareholders	6.5%	117,500	5,016,000	5,279,675	-	10,413,175	
Interest on fixed deposits	1.5%	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	
		<u>\$ 4,557,546</u>	<u>\$ 6,311,221</u>	<u>\$ 9,311,132</u>	<u>\$ -</u>	<u>\$ 20,179,899</u>	
2013							
Financial Assets							
Cash and cash equivalents	1.2%	\$ 5,893,072	\$ -	\$ -	\$ -	\$ 5,893,072	
Interest receivable	7.5%	126,819	-	-	-	126,819	
Investments	7.5%	2,108,422	211,990	5,943,151	-	8,263,563	
Mortgages	7.5%	<u>2,446,012</u>	<u>6,843,925</u>	<u>32,293,100</u>	-	<u>41,583,037</u>	
		<u>\$ 10,574,325</u>	<u>\$ 7,055,915</u>	<u>\$38,236,251</u>	<u>\$ -</u>	<u>\$ 55,866,491</u>	
Financial Liabilities							
Depositors	1.5%	\$ 4,577,284	\$ 1,304,265	\$ 4,463,844	\$ -	\$ 10,345,393	
Members/Shareholders	6.5%	97,461	636,978	7,418,994	-	8,153,433	
Interest on fixed deposits	1.5%	<u>23,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,448</u>	
		<u>\$ 4,698,193</u>	<u>\$ 1,941,243</u>	<u>\$11,882,838</u>	<u>\$ -</u>	<u>\$ 18,522,274</u>	

3. Financial Risk Management (Cont'd):

b) **Credit risk -**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the Statement of Financial Position date. The Association relies heavily on its Rules, which sets out in detail the current policies governing the lending function and provides a comprehensive framework for prudent risk management of the credit function. Adherence to these guidelines is expected to communicate the Association's lending philosophy; provide policy guidelines to team members involve in lending; establish minimum standards for credit analysis, documentation, decision making and post-disbursement administration; as well as create the foundation for a sound credit portfolio.

The Association's loan portfolio is managed and consistently monitored by the Credit Committee and is adequately secured by collateral and where necessary, provisions have been established for potential credit losses on delinquent accounts.

Cash balances are held with high credit quality financial institutions and the Association has policies to limit the amount of exposure to any single financial institution.

The Association also actively monitors global economic developments and government policies that may affect the growth rate of the local economy.

c) **Liquidity risk -**

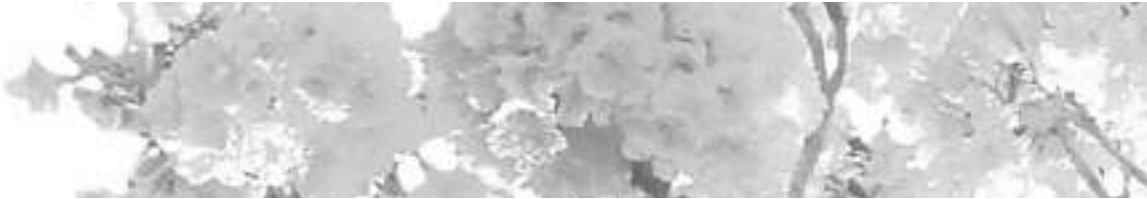
Liquidity risk is the risk that arises when the maturity dates of assets and liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Association has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The Association is able to make daily calls on its available cash resources to settle financial and other liabilities.

i) Risk management

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Association. The Association employs various asset/liability techniques to manage liquidity gaps. Liquidity gaps are mitigated by the marketable nature of a substantial segment of the Association's assets as well as generating sufficient cash from new and renewed members' deposits and shares.

To manage and reduce liquidity risk the Association's management actively seeks to match cash inflows with liability requirements.



3. **Financial Risk Management (Cont'd):**

c) **Liquidity risk (cont'd) -**

ii) Liquidity gap

The Association's exposure to liquidity risk is summarized in the table below which analyses assets and liabilities based on the remaining period from the reporting date to the contractual maturity date.

	2014			
	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Financial Assets				
Cash and cash equivalents	\$ 10,233,821	\$ -	\$ -	\$ 10,233,821
Interest receivable	104,159	-	-	104,159
Investments	104,151	2,102,555	3,601,653	5,808,359
Mortgages	<u>1,268,667</u>	<u>5,627,727</u>	<u>35,109,574</u>	<u>42,005,968</u>
	<u>\$ 11,710,798</u>	<u>\$ 7,730,282</u>	<u>\$ 38,711,227</u>	<u>\$ 58,152,307</u>
Financial Liabilities				
Depositors	\$ 4,420,046	\$ 1,295,221	\$ 4,031,457	\$ 9,746,724
Members/Shareholders	117,500	5,016,000	5,279,675	10,413,175
Interest on fixed deposits	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
	<u>\$ 4,557,546</u>	<u>\$ 6,311,221</u>	<u>\$ 9,311,132</u>	<u>\$ 20,179,899</u>
	2013			
	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Financial Assets				
Cash and cash equivalents	\$ 5,893,072	\$ -	\$ -	\$ 5,893,072
Interest receivable	126,819	-	-	126,819
Investments	2,108,422	211,990	5,943,151	8,263,563
Mortgages	<u>2,446,012</u>	<u>6,843,925</u>	<u>32,293,100</u>	<u>41,583,037</u>
	<u>\$ 10,574,325</u>	<u>\$ 7,055,915</u>	<u>\$ 38,236,251</u>	<u>\$ 55,866,491</u>
Financial Liabilities				
Depositors	\$ 4,577,284	\$ 1,304,265	\$ 4,463,844	\$ 10,345,393
Members/Shareholders	97,461	636,978	7,418,994	8,153,433
Interest on fixed deposits	<u>23,448</u>	<u>-</u>	<u>-</u>	<u>23,448</u>
	<u>\$ 4,698,193</u>	<u>\$ 1,941,243</u>	<u>\$ 11,882,838</u>	<u>\$ 18,522,274</u>

d) **Reputation risk -**

The risk of loss of reputation arising from the negative publicity relating to the Association's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Association. The Association engages in public social endeavours to engender trust and minimize this risk.

3. **Financial Risk Management (Cont'd):**

e) **Operational risk -**

Operational risk is the risk derived from deficiencies relating to the Association's information technology and control systems, as well as the risk of human error and natural disasters. The Association's systems are evaluated, maintained and upgraded continuously. Supervisory controls are installed to minimise human error. Additionally, staff is often rotated and trained on an on-going basis.

f) **Compliance risk -**

Compliance risk is the risk of financial loss, including fines and other penalties, which arise from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Inspector of Financial Institutions at the Central Bank of Trinidad and Tobago, as well as by the monitoring controls applied by the Association. The Association has an Internal Audit Department which does routine reviews on compliance.

4. **Critical Accounting Estimates and Judgments:**

Estimates and judgments 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 Association makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. 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:

Changes in accounting estimates are recognised in the Statement of Comprehensive Income in the period in which the estimate is changed, if the change affects that period only, or in the period of the change and future periods if the change affects both current and future periods.

The critical judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements, are as follows:

- i) Whether investments are classified as held to maturity investments, available for sale or loans and receivables.
- ii) Which depreciation method for fixed assets is used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

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4. Critical Accounting Estimates and Judgments (Cont'd):

i) Impairment of assets

Management assesses at each reporting date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Plant and equipment

Management exercises judgement in determining whether future economic benefits can be derived from expenditures to be capitalised and in estimating the useful lives and residual values of these assets.

5. Cash and Cash Equivalents:

	31 December	
	<u>2014</u>	<u>2013</u>
Cash on hand	\$ 49,964	\$ 50,000
RBC Royal Bank Limited	4,336,698	1,032,723
Trinidad and Tobago Unit Trust Corporation	<u>5,847,159</u>	<u>4,810,349</u>
	<u>\$ 10,233,821</u>	<u>\$ 5,893,072</u>

As at 31 December 2014, cash and cash equivalents comprise 14% (2013 - 9%) of total assets. The subscription at Trinidad and Tobago Unit Trust Corporation, though considered cash equivalent, has been valued as an Available-for-Sale investment.

6. Accounts Receivable and Prepayments:

	31 December	
	<u>2014</u>	<u>2013</u>
Accrued commissions and interest on loans	\$ 280,356	\$ 223,409
Interest receivable	104,159	126,819
Staff loans	56,974	49,573
Prepayments	83,129	60,300
Other	<u>48,554</u>	<u>-</u>
	<u>\$ 573,172</u>	<u>\$ 460,101</u>

7. **Investments:**

	31 December	
	<u>2014</u>	<u>2013</u>
Available -for-Sale –		
ROYTRIN Income and Growth Fund	\$ 219,890	\$ 211,990
Held-to-Maturity –		
Caribbean Finance Company Ltd 4% - Maturity 2015	114,130	108,422
Government of Trinidad and Tobago \$700M Floating Rate Bond 8% – Maturity 2014	-	2,000,000
WASA South Water Project:		
Guaranteed Redeemable Fixed Rate Bond 1 st Tranche 10.5% – Maturity 2019	1,181,945	1,418,333
Guaranteed Redeemable Fixed Rate Bond 2 nd Tranche 10.5% – Maturity 2019	586,591	703,908
Government of Trinidad and Tobago Redeemable Floating Rate Bond 10.87% - Maturity 2019	104,151	145,812
WASA – Government of Trinidad and Tobago \$330M Redeemable Floating Rate Bond 9.0% - 11.5% - Maturity 2021	489,640	559,589
Government of Trinidad and Tobago Fixed Bond 5.95% - Maturity April 2023	1,053,523	1,054,784
NIPDEC TT\$50M Fixed Rate Bond 6.55% - Maturity 2025	<u>2,058,489</u>	<u>2,060,725</u>
	<u>\$ 5,808,359</u>	<u>\$ 8,263,563</u>

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8. Mortgages from Members:

Statement pursuant to section 45(1) of the Building Societies Act Ch. 33:04.

Mortgages on properties where the present debt does not exceed **\$100,000** and the repayments are not upwards of 12 months in arrears and the property has not been upwards of 12 months in possession of the Association Section 45(1) (a).

	31 December	
	<u>2014</u>	<u>2013</u>
On 99 Mortgages where the debt does not exceed \$10,000 (2013:119)	\$ 340,754	\$ 300,072
On 36 Mortgages where the debt exceeds \$10,000 and does not exceed \$25,000 (2013:30)	551,903	458,945
On 20 Mortgages where the debt exceeds \$25,000 and does not exceed \$50,000 (2013:23)	752,019	948,177
On 18 Mortgages where the debt exceeds \$50,000 and does not exceed \$100,000 (2013:21)	1,237,561	1,532,200
On 95 Mortgages where the debt exceeds \$100,000 Section 45(1) (b) (2013:100)	40,141,569	39,530,210
Mortgages on properties of which the repayments are upwards of 12 months in arrears and the property has been upwards of 12 months in possession of the Association Section 45(1) (b).		
On 2 Mortgages (2013:3)	<u>248,370</u>	<u>53,460</u>
Total Mortgages 270 (2013:296)	43,272,176	42,823,064
Less: Accrued interest on demand loans	(640,797)	(714,616)
Provision for doubtful loans – Principal	<u>(625,411)</u>	<u>(525,411)</u>
	<u>\$42,005,968</u>	<u>\$ 41,583,037</u>

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9. Land Loans:

	31 December	
	<u>2014</u>	<u>2013</u>
Balance brought forward	\$ 1,429,878	\$ 1,595,528
New loans during the year	403,750	240,000
Repayments during the year	<u>(345,193)</u>	<u>(405,650)</u>
Balance carried forward	<u>\$ 1,488,435</u>	<u>\$ 1,429,878</u>

10. Fixed Assets:

Cost	<u>Freehold Properties</u>	<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>Total</u>
Balance as at 1 January 2014	\$ 10,558,732	\$ 375,413	\$ 1,633,539	\$12,567,684
Additions	-	-	11,066	11,066
Disposal	<u>-</u>	<u>(292,413)</u>	<u>(112,967)</u>	<u>(405,380)</u>
Balance as at 31 December 2014	<u>10,558,732</u>	<u>83,000</u>	<u>1,531,638</u>	<u>12,173,370</u>
Accumulated Depreciation				
Balance as at 1 January 2014	-	318,740	1,212,047	1,530,787
Charge for the year	-	20,750	86,678	107,428
Disposal	<u>-</u>	<u>(292,412)</u>	<u>(112,962)</u>	<u>(405,374)</u>
Balance as at 31 December 2014	<u>-</u>	<u>47,078</u>	<u>1,185,763</u>	<u>1,232,841</u>
Net Book Value				
Balance as at 31 December 2014	<u>\$ 10,558,732</u>	<u>\$ 35,922</u>	<u>\$ 345,875</u>	<u>\$10,940,529</u>
Balance as at 31 December 2013	<u>\$ 10,558,732</u>	<u>\$ 56,673</u>	<u>\$ 421,492</u>	<u>\$11,036,897</u>

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10. Fixed Assets (Cont'd):

Cost	<u>Freehold Properties</u>	<u>Motor Vehicles</u>	<u>Office Equipment</u>	<u>Total</u>
Balance as at 1 January 2013	\$ 10,504,566	\$ 375,413	\$ 1,536,596	\$ 12,416,575
Additions	<u>54,166</u>	<u>-</u>	<u>96,943</u>	<u>151,109</u>
Balance as at 31 December 2013	<u>10,558,732</u>	<u>375,413</u>	<u>1,633,539</u>	<u>12,567,684</u>
Accumulated Depreciation				
Balance as at 1 January 2013	-	226,619	1,152,024	1,378,643
Charge for the year	<u>-</u>	<u>92,121</u>	<u>60,023</u>	<u>152,144</u>
Balance as at 31 December 2013	<u>-</u>	<u>318,740</u>	<u>1,212,047</u>	<u>1,530,787</u>
Net Book Value				
Balance as at 31 December 2013	<u>\$ 10,558,732</u>	<u>\$ 56,673</u>	<u>\$ 421,492</u>	<u>\$ 11,036,897</u>
Balance as at 31 December 2012	<u>\$ 10,504,566</u>	<u>\$ 148,794</u>	<u>\$ 384,572</u>	<u>\$ 11,037,932</u>

11. Accounts Payable and Accruals:

	31 December	
	<u>2014</u>	<u>2013</u>
Trinidad and Tobago Housing Development Corporation	\$ 565,353	\$ 696,667
Mortgages approved and not disbursed	1,449,367	1,832,120
Other	<u>791,616</u>	<u>533,753</u>
	<u>\$ 2,806,336</u>	<u>\$ 3,062,540</u>

The Association acts as agent for the Trinidad and Tobago Housing Development Corporation (HDC) administering its mortgage loan portfolio, which amounts to approximately **\$4,782,969** (2013: **\$5,299,619**). The amount due to HDC represents receipts collected before deductions and charges.

31 DECEMBER 2014

12. Depositors:

	31 December	
	<u>2014</u>	<u>2013</u>
Special deposits	\$ 4,565,841	\$ 4,701,539
Savings deposits	<u>5,180,883</u>	<u>5,643,854</u>
	<u>\$ 9,746,724</u>	<u>\$ 10,345,393</u>

- (i) As at 31 December 2014, total deposits to mortgage loans amount to 24% (2013: 24%).
- (ii) As at 31 December 2014, deposits maturing in 2015 will amount to **\$4,161,002** and deposits maturing after 31 December 2015 will amount to **\$170,787** (2013:\$170,787).

13. Unpaid Matured Shares:

	31 December	
	<u>2014</u>	<u>2013</u>
Amounts due for unpaid matured shares	<u>\$ 363,191</u>	<u>\$ 357,609</u>

14. Members/Shareholders:

	31 December	
	<u>2014</u>	<u>2013</u>
Balance at beginning of year	\$ 8,153,433	\$ 5,856,083
Share purchases less withdrawals and transfers	<u>1,671,693</u>	<u>1,841,477</u>
	9,825,126	7,697,560
Dividends paid		
- 30 June – 3.0% (2013:3.0%)	253,188	190,817
- 31 December – 3.5% (2013:3.5%)	<u>334,861</u>	<u>255,056</u>
	<u>588,049</u>	<u>455,873</u>
	<u>\$10,413,175</u>	<u>\$ 8,153,433</u>

Members'/Shareholders' share balances are represented by members' share purchases less withdrawals and transfers, and accumulated dividends. In accordance with International Financial Reporting Interpretation Committee (IFRIC) Interpretation #2, these redeemable shares have been treated as liabilities.

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15. Interest Earned:

	31 December	
	<u>2014</u>	<u>2013</u>
Mortgages (net)	\$ 3,530,722	\$ 3,172,277
Investments - Long-term	643,076	706,322
- Short-term	45,011	104,839
Share loans	<u>55,659</u>	<u>38,228</u>
	<u>\$ 4,274,468</u>	<u>\$ 4,021,666</u>

16. Other Income:

	31 December	
	<u>2014</u>	<u>2013</u>
Commission		
- NHA's assisted loans	\$ 70,864	\$ 70,958
- Insurance on TBLA's mortgages	(7,224)	-
- NHA's soft loans (interest)	<u>2,570</u>	<u>2,573</u>
	66,210	73,531
Gain on foreign exchange	-	7,796
Gain on disposal of investment	-	11,310
Gain on disposal of fixed assets	92,744	-
Rent	471,936	471,936
Interest on current account	608	552
Fees	36,834	98,775
Miscellaneous/other	<u>29,076</u>	<u>40,416</u>
	<u>\$ 697,408</u>	<u>\$ 704,316</u>

17. Interest Paid:

	Simple average		31 December	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	%	%		
Savings	0.5	0.5	\$ 26,003	\$ 27,492
Special deposits	2.0	2.0	50,071	8,942
Paid up shares	3.0	3.0	<u>12,164</u>	<u>18,370</u>
			<u>\$ 88,238</u>	<u>\$ 54,804</u>

31 DECEMBER 2014

18. Employees:

At 31 December 2014 the Association had in its employ a staff complements of 11 persons (2013:15).

19. Contingent Liabilities:

- (i) Under the provisions of the Retrenchment and Severance Benefits Act 1985, an amount of approximately **\$380,819** as at 31 December 2014 (2013: **\$399,093**) would have been payable if the services of the employees of the Association were terminated. No provision is made for this contingent liability in these financial statements.
- (ii) The Association has issued a 6.5% debenture with a face value of **\$850,000** to its bankers as security for bank borrowings. This debenture is secured by a floating charge on all of the property of the Association both current and future.

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20. Related Party Transactions:

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Association.

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms at market rates.

Balances and transaction with related parties and key management personnel during the year were as follows:

	December 31	
	<u>2014</u>	<u>2013</u>
Assets		
Loans to key management personnel	\$ <u>24,477</u>	\$ <u>37,369</u>
Deposits and other liabilities		
Deposits held by directors and key management personnel	\$ 11,938	\$ 32,815
Shares held by directors and key management personnel	<u>596,714</u>	<u>642,271</u>
	<u>\$ 608,652</u>	<u>\$ 675,086</u>
Interest and other income		
Directors and key management personnel	\$ <u>60</u>	\$ <u>60</u>
Interest and other expenses		
Directors and key management personnel	\$ <u>34,585</u>	\$ <u>34,585</u>
Key management compensation		
Short-term benefits	\$ 639,006	\$ 639,006
Post employment benefits	<u>11,286</u>	<u>11,286</u>
	<u>\$ 650,292</u>	<u>\$ 650,292</u>

21. **Fair Values:**

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The existence of published price quotation in an active market is the best evidence of fair value. Where market prices are not available, fair values are estimated using various valuation techniques, including using recent arm's length market transactions between knowledgeable, willing parties, if available, current fair value of another financial instrument that is substantially the same and discounted cash flow analysis.

The following methods have been used to estimate the fair values of various classes of financial assets and liabilities:

a) **Current assets and liabilities -**

The carrying amounts of current assets and liabilities are a reasonable approximation of the fair values because of their short-term nature.

b) **Members' loans -**

Loans are net of specific provisions for losses. These assets result from transactions conducted under typical market conditions and their values are not adversely affected by unusual terms. The inherent rates of interest in the portfolio approximate market conditions and yield discounted cash flow values which are substantially in accordance with financial statement amounts.

c) **Investments -**

The fair values of investments are determined on the basis of market prices available at 31 December 2014.

d) **Members' deposits -**

Members' deposits bear interest at rates that are not significantly different from current rates and are assumed to have discounted cash flow values which approximate carrying values.

22. **Capital Risk Management:**

The Association manages its capital to ensure that it will be able to continue as a going concern while maximising the return to members, whilst providing value to its members by offering loan and savings facilities. The Association's overall strategy remains unchanged from previous years.

The capital structure of the Association consists of equity attributable to members, which comprises issued members shares and reserves.

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Staff moments of yesteryear



Picture 6

NEW LOOK TBLA: In February 2014, staff started wearing TBLA new branded uniforms. The Association's female staff happily posed for this photo.

Picture 1

HAPPY RETIREMENT: TBLA hosted a retirement function at the Association's office for Mrs. Charmaine Richardson, Manager: Mortgage and Investments on February 13, 2015. Charmaine served our members for 7 years and the Association wishes her all the best for the future.

Picture 3 and 5

WORLD CUP FEVER: TBLA hosted a Facebook World Cup Competition during June – July 2014. All visitors to the TBLA Facebook page inclusive of staff members were invited to take part in the fun. Winners went home with gift vouchers or TBLA branded items.

Pictures 2 and 5

DONATIONS:

The Association assisted a family with school supplies for the opening of the new term (September 2014).

The Trinidad Building and Loan Association (TBLA) donated six computers to worthy causes that aim to improve the educational environment of youths. The thankful recipients were the Lion's Club of Port of Spain Central and East Mucurapo Secondary School. The Lion's Club has embarked on a project to convert a "Sea Land" container into a library for the St. Michael's School for Boys and East Mucurapo Secondary School is outfitting a computer lab for its students.