



GRACE  
CO-OPERATIVE  
CREDIT UNION LIMITED

*We are  
always  
here for you!*



**2010**  
ANNUAL REPORT  
**42<sup>nd</sup> Annual General Meeting**  
Credit Union Of The Year 2002 - 2005, Category II

A member of the Credit Unions of Jamaica

*At Grace Co-op Credit Union,  
You find the vehicle and we'll place you in  
the driving seat*



*With our*

**Wheels Express**

**Motor Vehicle Loan**



*Rates as  
low as  
14.50%*

*Low, low  
processing fees !!*



**Based on the percentage of the loan which is secured with savings, the term of the loan can be extended by up to 24 months.**

VEHICLE YEAR	FINANCING PROVIDED	MAX REPAYMENT TERM	INTEREST RATE
New – 3 years old	85 – 95%	60 - 72 Months	<b>14.50%</b>
4 – 9 year old	50 - 85%	12 - 60 Months	<b>16.50%</b>

**Also, benefit from a 10% discount with JIIC by obtaining a vehicle tracking system from Guardsman Alarms under special offer to GK employees!!**

Call us at 932 3467 Saneth Morgan, 932 3508 Nesta Jackson, 932 3496 Tessia McDonald

**Conditions Apply**



## VISION STATEMENT

*To become the Credit Union and Financial Partner of choice for 95% of GraceKennedy employees by 2015.*

## MISSION STATEMENT

*We are committed to assisting our members to meet their personal financial goals through the provision of superior Credit Union services delivered by great staff and volunteers, empowered with the right skills, necessary tools and shared vision.*

*We will offer personalized and friendly customer service, prudent financial advice and a safe and competitive opportunity for loans, savings and investments.*



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## **FIVE YEAR STATISTICS**

	2010	2009	2008	2007	2006
PERMANENT SHARES	2,028,000.00	2,025,000.00			
VOLUNTARY SHARES	244,997,072.00	220,072,221	195,258,241	175,509,294	169,923,760
% Increase over prior year	11.33%	12.71%	11.25%	3.29%	11.18%
INSTITUTIONAL CAPITAL	53,285,146.00	52,527,957	48,007,463	44,173,500	40,591,352
% Increase over prior year	1.44%	9.42%	8.68%	8.82%	11.14%
LOANS TO MEMBERS (Gross)	237,049,523.00	226,391,896	213,641,828	193,207,424	188,780,133
% Increase over prior year	4.71%	5.97%	10.58%	2.35%	-6.72%
TOTAL ASSETS	395,956,766.00	379,887,171	354,696,359	311,137,050	303,344,330
% Increase over prior year	4.23%	7.10%	14.00%	2.57%	11.57%
CURRENT ASSETS ****	127,026,780.00	124,716,139	115,053,420	94,302,418	93,594,102
CURRENT LIABILITIES ****	335,064,552.00	304,241,374	284,810,690	70,298,045	70,734,404
<b>INCOME AND SURPLUS</b>					
INCOME	51,001,061.00	56,284,353	48,427,013	43,498,017	42,710,843
% Increase over prior year	-9.39%	16.23%	11.33%	1.84%	9.60%
EXPENSES	47,174,244.00	33,731,362	29,424,897	25,996,606	22,692,916
SURPLUS	3,742,945.00	22,557,630	19,002,116	17,501,411	20,017,928
% (Decrease)/Increase over prior year	-83.41%	18.71%	8.57%	-12.57%	15.14%
UNDISTRIBUTED SURPLUS	3,687,945.00	19,830,372	18,558,738	17,836,743	18,775,346
RESERVES	48,122,220.00	47,359,031	44,895,537	41,061,574	37,479,426
DIVIDENDS PAID	0	16,720,398	14,424,698	15,122,281	11,095,495

*continued on next page*



## Grace Co-operative Credit Union Limited

### FIVE YEAR STATISTICS Cont'd.

RATIOS	2010	2009	2008	2007	2006
CURRENT ASSETS	0.38:1	0.41:1	1.14:1	1.34:1	1.32:1
SURPLUS TO INCOME	7.34%	40.08%	39.24%	40.23%	46.87%
EXPENSES TO INCOME	92.50%	59.93%	60.76%	59.77%	53.13%
INCOME TO TOTAL ASSETS	12.88%	14.82%	13.65%	13.98%	14.08%
SURPLUS TO TOTAL ASSETS	0.95%	5.94%	5.36%	5.62%	6.60%
UNDISTRIBUTED SURPLUS TO SHARE CAPITAL	0.93%	5.22%	5.23%	5.73%	11.05%
MEMBERSHIP	2621	2,559	2,662	2,518	2,444
BORROWERS	1757	1,571	1,374	1,331	847
BORROWERS TO MEMBERSHIP	67.04%	61.39%	51.62%	52.86%	34.65%

## NOTICE

*is hereby given that the*

### **42nd ANNUAL GENERAL MEETING**

*of the*

**Grace Co-operative Credit Union Limited**

*will be held on*

**WEDNESDAY, JUNE 8, 2011**

*in the*

**LUNCHROOM, GRACEKENNEDY LIMITED**

**at 73 HARBOUR STREET, KINGSTON.**

*The meeting will commence at 4:30 p.m.*

*Registration will begin  
at 4:00 p.m.*

*Signed: Jerry Hamilton  
Secretary- Board of Directors*



## **AGENDA**

- 1. Ascertainment of a quorum**
- 2. National Anthem (led by Kurt Ross)**
- 3. Notice convening Annual General Meeting**
- 4. Prayer**
- 5. Welcome and apologies for absence**
- 6. Confirmation of Minutes of the 41st Annual General Meeting**
- 7. Reports of:**
  - a) Board of Directors
  - b)
    - i) Auditor & Treasurer
    - ii) Appropriation of Surplus
    - iii) Fixing of Maximum Liability for Loans and Deposits
  - c) Nomination of Auditors
  - d) Credit Committee
  - e) Supervisory Committee
  - f) Recruitment and Marketing Committee
  - g) Recruitment/Education Committee
  - h) Report on JCCUL's AGM 2010
- 8. Election of Officers (See Nominating Report)**
  - a) Board of Directors
  - b) Credit Committee
  - c) Supervisory Committee
  - d) Delegates to the League's Annual General Meeting
- 9. Resolution (JCCUL)**
- 10. Tributes to Retiring Volunteers**
- 11. Any other Business**
- 12. Gate Prizes**
- 13. Adjournment**



**MINUTES OF THE 41<sup>ST</sup> ANNUAL GENERAL MEETING OF  
GRACE CO-OPERATIVE CREDIT UNION LIMITED  
HELD ON WEDNESDAY, JUNE 9, 2010  
IN THE LUNCHROOM, GRACEKENNEDY LIMITED,  
73 HARBOUR STREET, KINGSTON**

**ASCERTAINMENT OF QUORUM, CALL TO ORDER**

Having ascertained that a quorum was present, the Chairman, Christopher Bond, called the meeting to order at 5:00 p.m.

Miss Fellechia Francis led the singing of the National Anthem.

**PRAYER, WELCOME**

Prayer was offered by Mrs. Saneth White-Morgan.

All present were welcomed. Retirees were asked to stand and be recognized; first-timers to the Annual General Meeting and new recruits to the Credit Union were also acknowledged.

**Welcome was also extended to:**

Ms. Christine Matheson	– Dept. of Co-operatives and Friendly Societies
Mr. David Wan	– CUNA Mutual Insurance Soc.
Miss Nichola Johnson-Young;	– CUNA Mutual Insurance Society
Mrs. Colleen Williams	– Marine & Allied Co-op
Mrs. Laurel Clayton- Hall	– Jamaica Co-op Credit Union League
Mr. Jason Broomfield	– Jamaica Co-op Credit Union League
Mr. Cyrene Gilbert	– Gilbert Thompson & Co., Auditors

**APOLOGIES FOR ABSENCE**

Apologies for absence were tendered on behalf of the following:

Mr. Gilroy Graham	– President
Mr. Joseph Taffe	– Director
Mrs. Paula Barclay	– Secretary
Mr. Douglas Orane	– Member
Ms. Beverly Wright	– Member
Mr. Colin Atkinson	– Member
Mrs. Sydoney Johnson	– Member
Mrs. Jacqueline Toyloy	– Member
Mr. Courtney Campbell	– Member
Mrs. Caroline Mahfood	– Member
Ms. Colleen Richardson	– General Manager of Clarendon CCU
Mrs. Phillipa Beckford	– CUNA Mutual Insurance Society

**CONFIRMATION OF THE MINUTES OF THE 40TH ANNUAL GENERAL MEETING AND MATTERS ARISING**

The Minutes of the 40th Annual General Meeting held on June 10, 2009 were taken as read on a motion by Mrs. Lorraine Blair-Baker and seconded by Andrew Levy.

Page 4  
Heading  
“39th” change to “40th”  
Date changed to read June 10, 2009

The Minutes were confirmed on a motion by Mrs. Fay McIntosh and seconded by Mrs. Lorraine Blair Baker.



## ELECTION OF OFFICERS

The standing orders were suspended on a motion by Mr. Eric Mardner and seconded by Ms. Akilah Nangwaya to take the Report of the Nominating Committee and Elections of Officers.

Miss Christine Matheson from the Department of Co-operatives was invited to conduct the election of Officers.

The results were as follows:

### Recommended for Board of Directors were:

Mr. Joseph Taffe                      Mr. Gilroy Graham

Mrs. Karen Walker                      Mr. Jerry Hamilton

There being no other nominations, the nominees were elected to serve on the Board for the next two years. They joined Mssrs. Christopher Bond, Andrew Levy, Mrs. Sandra Barnett, Mrs. Paula Barclay and Miss Janette Taylor who had one year remaining in their tenure of service.

### Recommendations for the Credit Committee were:

Mrs. Marsha Cope- Johnson

Miss Sophia Dennis

There being no other nominations, the nominees were elected to serve for the next two years.

### Recommendations for the Supervisory Committee were:

Mrs. Lorna Reynolds Minott                      Mr. Aden Whittaker

Mr. Leighton Grant                      Miss Beverley Wright

Mr. Eric Mardner

There being no other nominations, the nominees were elected to serve for the next year.

Recommended as Delegates and Alternates were the following positions:

Delegates                      Alternates

President                      Secretary

Treasurer                      General Manager

The nominees were confirmed.

On a motion proposed by Mr. Albert Anderson and seconded by Mrs. Naomi Holness, there was a resumption of the standing orders.

## REPORTS

### Report of the Board of Directors

The Board of Directors' Report for the year 2010, having been circulated was taken as read. The highlights of the Report were as follows:

1. As at December 31, 2009 assets of the Credit Union stood at \$379.9M savings at \$58.8M and loans at \$226.4M. Total membership was 2025.
2. Reduction in the membership was due to the implementation of the permanent shares requirement and the closure of the membership Bond for employees leaving the GraceKennedy Group after June 10, 2009.
3. While savings declined, there was an increase in voluntary shares of \$24.5M. Loans increased marginally.
4. Loan products introduced during the year included: Pay Day Loan and Wheels Express. Motor cycles were added to the list of qualifying vehicles.
5. As stipulated by the Bank of Jamaica and the Jamaica Co-op Credit Union League, employees and volunteers participated in training sessions. These included: POCA; COSO Awareness Training; Anti-Money Laundering; Loan Securities Documentation, and Assessment of Lending Risks.
6. The Board of Directors extended their appreciation to the companies and subsidiaries, volunteers, agencies, auditors and members for their support during the year.

On a motion by Mr. Ryan Mack and seconded by Mrs. Lorna Reynolds -Minott, the Report of the Board of Directors was adopted.

## AUDITOR'S & TREASURER'S REPORTS

### Auditor's Report

The Auditor's Report was read by Mr. Cyrene Gilbert.

### Treasurer's Report

Summary of Financial Statements



Permanent Shares were not for the members, but for the Credit Union; when a member leaves, the Credit Union reissues it to a new member.

The Treasurer advised the meeting that the Jamaica Debt Exchange would affect income earned by the Credit Union. To maintain the income, the Credit Union would be relying on an increase in loan disbursement. Additionally, the Credit Union was working on a project to see how lowering interest rates on loans will affect the Credit Union.

The Auditor and Treasurer's Reports were adopted on a motion by Leighton Grant and seconded by Eric Mardner.

### **Appropriation of Surplus**

Interest of 10% was proposed.

Motion for the adoption of the declaration of interest was proposed by Mr. Dalphyne Jackson and seconded by Mrs. Camille Mundell-Barrett.

#### **The Motion was carried.**

Motion for the maximum liability of the Credit Union to be capped at 12 times the capital base was proposed by Mr. Aden Whittaker and seconded by Mrs. Fay McIntosh

#### **The Motion was carried.**

Motion for the nomination of Auditors was proposed by Mrs. Christopher Bond and seconded by Mrs. Karen Walker.

#### **The Motion was carried.**

### **Credit Committee Report**

The Report of the Credit Committee, having been previously circulated was taken as read.

#### **Highlights of the Report:**

The loan portfolio increased by \$12.75 M or 6% over that as at December 2008.

Total loans disbursed for the year under review amounted to \$171.2 million, \$1.63 million or 1% less than the previous year. The number of loans disbursed totaled 2099 and was 265 or 12% less than that disbursed in 2008.

Loans for personal needs topped the loan demand at \$34 million compared to \$21 million last year, followed by loans for motor vehicle purchases at \$32 million compared to \$22 million in 2008. Debt consolidation loans followed at \$27 million in comparison to \$13 million in the previous year.

The Report further highlighted that with the introduction of the Jamaica Debt Exchange Programme, greater reliance would be placed on loan interest income to maintain overall performance.

On a motion by Mr. Leighton Grant and seconded by Mrs. Sandra Barnett, the Report of the Credit Committee was adopted.

### **Supervisory Report**

The Report of the Supervisory Committee having been previously circulated was taken as read.

#### **Highlights are as follows:**

During the year, the Committee met to examine the affairs of the Credit Union and performed follow-up reviews on the audit issues reported by the Credit Union League.

The Committee was satisfied that the Board of Directors, Officers and Staff members handled the affairs of the Credit Union properly, provided the Committee and the League with the information required and dealt promptly with the queries and recommendations made by the Committee and the Jamaica Co-operative Credit Union League.

On a motion by Mrs. Marsha Cope Johnson and seconded by Ms. Joan Walters, the Report of the Supervisory Committee was adopted.

### **Recruitment & Education/ Marketing Committee**

The Report of the Recruitment & Education/Marketing Committee having been previously circulated was taken as read on a motion by Mrs. Karen Walker and seconded by Ms. Joan Walters.

The Credit Union again offered its Annual Educational Assistance Program to the children of its members. Grants are awarded to assist with school fees, books and uniforms.



## The grants are available for children who:

- are entering high school for the first time after having sat the GSAT exams
- who are in high schools and will be sitting the CSEC or GCE exams in the following year or
- are entering a tertiary institution for the first time.

Successful candidates were chosen based on their high academic performance, involvement in extra-curricular activity and exemplary behaviour. Those were assessed based on their school reports.

On a motion by Mr. Eric Mardner and seconded by Mrs. Camille Barrett, the Report of the Recruitment & Education/Marketing Committee was adopted.

## Delegates Report on JCCUL's 68th AGM

The Report of the Delegates on JCCUL's 68th AGM having been previously circulated was taken as read on a motion by Mr. Christopher Bond and seconded by Mr. Andrew Levy.

## Highlights were as follows:

The Plenary session had full discussions on the three areas as follows:

- BOJ Opportunities in Economic Crisis - An international Perspective
- Gifts from the Economic Downturn –
- Panel Discussion - The Credit Union Movement's Response.

The session was well received

## CREDIT UNION OF THE YEAR 2008

Awards for achievements in 2009 were presented to the following Credit Unions:

- Mega Credit Union Award went to AAMM Credit Union and the runner – up to JTA Co-operative Credit Union

- Large Credit Union Award went to Palisadoes Co-operative Credit Union and the runner-up to NCB Employees Co-operative Credit Union
- Medium-sized Credit Union award went to Lascelles Co-operative Credit Union with the runner-up being Grace Co-operative Credit Union

On a motion by Mr. Albert Anderson and seconded by Mrs. Marsha Cope Johnson, the Report of the Delegates to JCCUL's 68th annual General Meeting was adopted.

## ANY OTHER BUSINESS

- a) Mrs. Fay McIntosh was retiring after 27 years on the Board of the Credit Union.

Mr. Andrew Levy presented her with a gift.

A citation was read by Mr. Jerry Hamilton.

- b) Mrs. Lorraine Blair-Baker commended Miss Hope Mowatt and the rest of the team on the production of a good Annual Report .
- c) The staff of the Credit Union was introduced to the meeting.

## GATE PRIZES

The following persons won various prizes:

Kerry-ann McKenzie	Shernet Haughton
Ayen Crooks	James Cooper
Christine Mattis	Rosanne Robinson
Heather Wilson	Lurline Cummings
D. Jackson	Landell Harrison

## ADJOURNMENT

The meeting adjourned at 6:50p.m. on a motion by Mrs. Camille Mundell- Barrett and seconded by Mr. Andrew Levy.



## **REPORT OF THE BOARD OF DIRECTORS FOR YEAR ENDED 31<sup>ST</sup> DECEMBER 2010**

### **Overview**

As we reflect on the past year, we are happy to report that in spite of the challenges in both the global and local arenas during 2010, our credit union has remained viable and relevant to its main stakeholders. The guidance provided by our experienced slate of directors along with the support of our other committed volunteers has resulted in positive financial results for the society. We again achieved growth in the areas of loans, deposits and assets, albeit marginal in some aspects.

### **Highlights of Financial Performance**

	<b>2010</b>	<b>2009</b>	
<b>Membership</b>	2,028	2,025	
	<b>2010 J'000</b>	<b>2009 J'000</b>	<b>Annual Growth/ (Decline)</b>
<b>Permanent Shares</b>	2,028	2,025	
<b>Voluntary Shares</b>	244,997	220,072	11.33%
<b>Savings</b>	66,944	58,786	13.8%
<b>Loans</b>	237,050	226,392	4.71%
<b>Assets</b>	395,957	379,900	4.2%

#### **MEMBERSHIP**

As at December 31, 2010, our membership stood at 2028 as against 2025 over the corresponding period in 2009.

#### **DEPOSITS PORTFOLIO**

Members' deposits (including voluntary shares) as at December 31, 2010 stood at \$ 311.9 million as against \$278.8 million in 2009. This represents an increase of 11.8% in an environment which saw reduced disposable incomes for our members as well as increasing job uncertainty.

#### **LOAN PORTFOLIO**

Our portfolio at the end of the financial year was \$237 million with total provision of \$148,859.00. This reflects an increase of \$10.6 million or 4.71% over the previous period.

During the year we launched our unsecured Rescue Loan which was well subscribed by our members. However, in preparation for the impending regulations by the Bank of Jamaica, we had to absorb other loans secured by company and individual guarantees into our unsecured portfolio. As a result, our unsecured



loan portfolio stood at 9.17% of the total loan portfolio as at December 31, 2010. Although still within the 10% standard set by the Bank of Jamaica, we were above our internal limit of 8%. In spite of the demand for this product, we were forced to suspend it until this ratio is reduced.

## LOAN PRODUCTS

In line with our commitment to maintain our relevance to our members, we continued the review of our product offerings and procedures. This included:

- Significant changes to the interest rate structure on loans resulted in the decrease in the rates by up to 400 basis points. We look forward to our members benefitting from these changes by financing their goals with a credit union loan.
- The Back to School loan was also reviewed allowing our members to access increased amounts, up to \$150,000.00 at more attractive rates and with longer repayment periods. The ceiling of \$5 million set aside for this initiative was over-subscribed.
- We made mention of the Rescue Loan which allowed individual access up to \$200,000 on an unsecured basis which was deeply appreciated by the membership.
- Motor vehicle loans also fell under our review radar and the product was made much more attractive with increased levels of financing, lower interest rates and longer repayment periods. Members could qualify for even longer repayment periods based on the amount of savings used as collateral.
- Service fees where introduced were kept at minimal levels to ensure the competitiveness of our services.
- The maximum individual loan limit was increased from \$3 million to \$4million.

## DELINQUENCY

The Credit Union, through its prudent operations, has been able to contain delinquency within 1% of its loan portfolio. This is well within the 5% standard established by the Bank of Jamaica and the Jamaica Co-operative Credit Union League. Unfortunately, however, we incurred a bad debt of \$5808.94 which was written off during the year. We now seek ratification for this.

## ELECTION OF OFFICERS

At the statutory meeting held subsequent to the elections at the last Annual General Meeting, the following appointments were made:

## BOARD OF DIRECTORS

Gilroy Graham	– President
Christopher Bond	– 1st Vice President
Paula Barclay	– 2nd Vice President
Janette Taylor	– Treasurer
Sandra Barnett	– Assistant Treasurer
Jerry Hamilton	– Secretary
Karen Walker	– Assistant Secretary
Joe Taffe	– Director
Andrew Levy	– Director

## SUPERVISORY COMMITTEE

Eric Mardner	– Chairperson
Lorna Reynolds-Minott	– Secretary
Beverley Wright	
Leighton Grant	
Aden Whittaker	

## CREDIT COMMITTEE

Sophia Gordon-Dennis	– Chairperson
Sydney Johnson	– Secretary
Colin Atkinson	
Marcia-Dinnall-Douglas	
Marsha Cope-Johnson	



Grace Co-operative Credit Union Limited

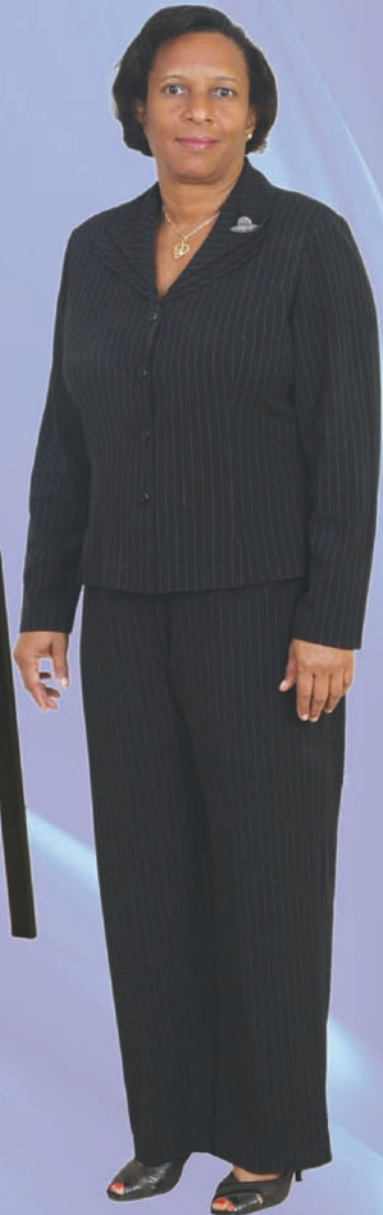
# Board of



**Christopher Bond**  
*1st Vice President*



**Gilroy Graham**  
*President*



**Janette Taylor**  
*Treasurer*

**Missing:** Paula Barclay – 2nd Vice President  
Andrew Levy – Director

Annual General Meeting 2011

10

We are always here for you!



# Directors



**Jerry Hamilton**  
*Secretary*



**Sandra Barnett**  
*Asst. Treasurer*



**Karen Walker**  
*Asst. Secretary*



**Joseph Taffe**  
*Director*



We welcome our new volunteers and extend our deep appreciation to those who continue to serve our credit union.

### ATTENDANCE OF DIRECTORS AT BOARD AND BOARD AND OFFICERS MEETING

Twelve meetings were held with the Board and each quarter members of the Supervisory and Credit Committee joined these meetings. The attendance record for directors follows:

	Max # possible	# at which present	# for which excused
Gilroy Graham	12	11	1
Christopher Bond	12	11	1
Paula Barclay	12	4	8
Janette Taylor	12	10	2
Sandra Barnett	12	7	5
Jerry Hamilton	12	11	1
Karen Walker	7	6	1
Joseph Taffe	12	6	6
Andrew Levy	12	6	6

### HUMAN RESOURCES

We ended the year with six of the seven positions filled; however, the new incumbent has been identified and will assume the position of Accounting Officer in January 2011. Our focus continued to be on training for staff and volunteers and several courses offered were attended by selected individuals.

*These included:*

**Corporate Governance**  
**Shoestring Marketing**  
**Proceeds of Crime Act**  
**Spreadsheet Essentials**

Our commitment to assisting our staff and volunteers with relevant training remains resolute. We seek to enhance their contribution to the continued viability of the Credit Union as well as the exceptional service delivery to our members.

### EDUCATION GRANTS

Our invitation to our members to apply for grants for their children was again well received. We extended grants to 8 students, 3 at the tertiary and 5 at the GSAT level. Students were encouraged to look for opportunities to volunteer their services at all levels thus giving back to others who may not be as fortunate but more importantly to enhance their own learning experience.

### OBITUARIES

The following members passed on during the year:

Oneil Williamson  
Jacob Thomas  
Owen Gunning

We extend our condolences to the family members of the deceased.



## LOOKING FORWARD

Undoubtedly, 2011 and beyond will continue to present challenges. These will motivate us to seek solutions which are creative and member focused. We have drafted a new Strategic Plan which will be marketing driven. Increased recruitment will be high on our list of priorities as we reach out not only to our fellow GraceKennedy employees but their family members also, parents, spouses and children. The retirees will not be forgotten, but we will pay homage to them for their contribution to our development.

We envision our credit union on the cutting edge of industry standards as we seek to not only meet but surpass these standards. We remain challenged to maintain the “WOW Factor” in our service delivery.

## ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I acknowledge the continuing selfless contribution of my fellow directors to the oversight of our Society. I specially acknowledge the stellar involvement of our Treasurer, Miss Janette Taylor, for over fifteen (15) years service, and also extend deep appreciation to Mrs. Paula Barclay as they both retire from the Board. We wish them both well and look forward to future opportunities for further collaboration.

*Deep appreciation is also extended to the following persons:*

- ⇒ The Chairman and Directors of GraceKennedy Limited, and associated companies and subsidiaries
- ⇒ Directors and staff of the Jamaica Co-operative Credit Union League
- ⇒ Members of the Credit, Supervisory, Recruitment, Education/Marketing and Nominating Committees
- ⇒ The Office of the Registrar of Co-operatives and Friendly Societies and its staff
- ⇒ CUNA Mutual Insurance Society
- ⇒ Our Auditors, Gilbert Thompson and Co.
- ⇒ Our contact persons at the various locations
- ⇒ Our Credit Union staff and last not least
- ⇒ Our valued members for your immeasurable support throughout the year.

**Gilroy Graham**

*President*



## **REPORT OF THE TREASURER FOR YEAR ENDED 31<sup>ST</sup> DECEMBER 2010**

**D**uring 2010, your credit union received \$34.9 million in interest on loans, \$15.0M in investment income, and \$1.1M in non-interest income which represented fee income and commission. This total income of \$51.0M represents a decrease of \$5.3M or 9.4% over the previous year. The majority of this shortfall was due to the fall in interest rates as a consequence of the Government of Jamaica Debt Restructuring Program during the year.

The assets were \$396M at the year end 2010 up from \$380M in 2009. Loans grew by 4.7% or \$10.6M over the year, with liquid assets increasing from \$117.3M to \$125.4M. The return of investment portfolio of 6.5% was way below that of the prior year of 11.66%, indicating the greater dependence of the credit union to earn the majority of its income from loans.

### **STATEMENTS**

The following is a summary of the detailed information contained in the audited financial statements. We, the members, altogether have: (stated in Ja. Dollars)

	<b>2010</b>	<b>Restated 2009</b>
a) Total Permanent Shares	2,028,000	2,025,000
<b>We also own collectively as a society, the following:</b>		
i) Statutory Reserves to provide stability to the Credit Union	46,853,752	46,096,563
ii) Education Fund	214,793	214,793
iii) Capital Revaluation Reserve	6,431,394	6,431,394
iv) Bad Debt Reserve	148,858	64,986
v) Special Reserve	785,736	785,736
vi) Donation Reserve	40,025	40,025
vii) Unclaimed Share Reserve	169,914	169,914
viii) Share Transfer Reserve	58,000	52,000
ix) We have previous earnings that have not been returned to us as dividends. This amount is:	1,316,244	1,783,340
x) This year our net earnings is	2,994,356	2,260,162
<b>The total we own in reserves, provision and earnings is</b>	<b>61,041,072</b>	<b>59,923,913</b>



	2010	2009
<b>The money we have has been:</b>		
a) Loaned to members	237,198,381	226,456,882
b) Used to purchase furniture and fixtures(net book value)	1,064,825	211,533
c) <b>Invested in:-</b>		
i) Shares in the Jamaica Cooperative Credit Union League	5,364,088	5,059,914
ii) Demand Deposit with Jamaica Cooperative Credit Union	97,530,156	102,149,767
iii) Mortgage Funds with Jamaica Cooperative Credit Union	13,280,651	12,345,598
iv) Jamaica Cooperative Credit Union - Cu Cash	22,363,036	12,407,669
d) Bank account, etc	5,479,194	2,702,798
e) But we owed Depositors and external creditor	(66,943,526)	(73,785,896)
f) Members' voluntary shares	(244,997,072)	(220,072,221)
g) Others	(9,298,661)	(7,552,131)
<b>The grand total of the loans and investment we have made is</b>	<b><u>61,041,072</u></b>	<b><u>59,923,913</u></b>
<b>Our Income has been earned from:-</b>		
a) Interest on loans to members	34,891,607	33,649,995
b) Interest on Investments	11,535,499	17,899,784
c) Interest on investment with J.C.C.U.L	3,468,990	4,074,973
d) Other sources	1,104,965	659,511
	<b><u>51,001,061</u></b>	<b><u>56,284,353</u></b>



## Grace Co-operative Credit Union Limited

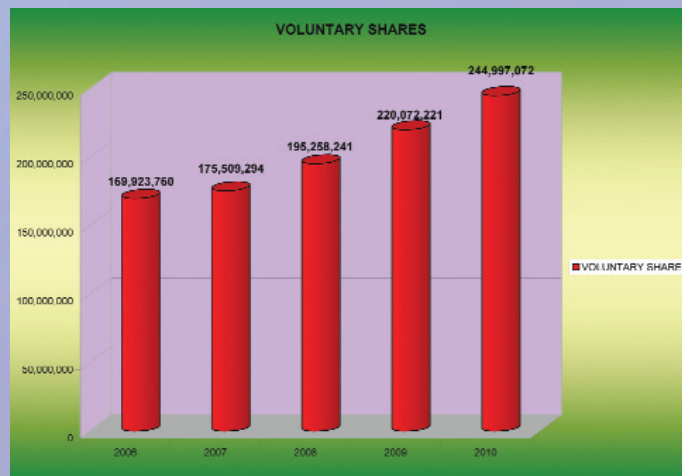
### The expenses for the year were:-

	2010	2009
	\$	\$
Salaries and related expenses	15,879,091	15,118,072
Insurance – Loan Protection and Life Saving (L.P&L.S)	1,607,949	1,596,350
Facilities Fee	3,373,932	3,373,932
Interest Expense	17,746,543	24,764,806
Stationery	491,098	487,328
Dues and fees to J.C.C.U.L	1,925,691	1,709,574
Advertising and promotion	290,812	110,442
AGM, Seminars and other meetings	1,840,000	1,743,191
Audit fees	420,000	400,000
Provision for bad debts	83,872	(4,639)
Impairment Loss	-	-
Provision for education and training	250,000	182,449
Depreciation and amortization	367,882	88,045
General expenses	2,981,246	2,616,301
<b>TOTAL EXPENSES</b>	<b><u>47,258,116</u></b>	<b><u>52,185,851</u></b>
<b>This leaves us a surplus of:-</b>	3,742,945	4,098,502
We are setting aside Statutory Reserves as required by the Act	<u>748,589</u>	<u>4,510,598</u>
	2,994,356	(412,096)
Together with the undistributed earnings from previous year	<u>1,316,244</u>	<u>1,783,340</u>
	<b><u>4,310,600</u></b>	<b><u>1,371,244</u></b>

### CONCLUSION

We will continue to be affected in one way or another by the challenges resulting from the economic downturn but, through it all, our Credit Union will remain financially strong and responsive to the needs of our members.

The support and cooperation from the Board of Directors, Volunteers, Management and Staff has assisted me in the performance of my duties and is greatly appreciated.



Respectively Submitted,  
**Janette Taylor**  
 Treasurer



## Profile of Volunteers

### SUPERVISORY COMMITTEE

#### *Eric Mardner*



**E**ric joined GraceKennedy Ltd. in 1997 in the Grace Pension Management Department where he worked for 4 years. In 2001 he left the GraceKennedy family, but returned shortly thereafter in 2002 to be a member of the

Corporate Finance and Accounts Department. Eric is an exceptionally proud graduate of Excelsior High School and attributes his finest qualities to that institution. He is the current Chairman of the Supervisory Committee and has been serving the Credit Union since 2009.

#### *Lorna Reynolds-Minott*



**L**orna joined the GraceKennedy Group in September 1998 as the Group Information Systems Auditor in the Internal Audit Department. She currently holds the position of Finance Manager, Manufacturing Division of GK

Foods. She is currently the Secretary to the Supervisory Committee of the Credit Union and is also member of the GK Education Committee. She is an experienced professional with over 17 years in the audit/accounting profession.

#### *Aden Whittaker*



**A**den is currently the IT Officer for GraceKennedy Ltd, assigned to the Corporate Office. Aden joined GraceKennedy in 2005 as a member of the Accelerated Development Programme. In addition to

serving on the Credit Union's Supervisory Committee since 2009, he is also a member of the Young Professionals of Jamaica (YPI) and the Institute of Electrical and Electronics Engineers (IEEE).

#### *Beverley Wright*



**B**everley joined GraceKennedy Ltd. in June 2007 and currently holds the position of Internal Auditor. She believes that she can do all things through Christ who strengthens her. She is a mentor with Grace & Staff and

also a member of the Supervisory Committee for the Credit Union since 2009.

#### *Leighton Grant*



**L**eighton has been employed to Grace Foods & Services for the past 14 years and is currently the Inventory Manager at the new distribution centre. His dedication and commitment is built on his philosophy of life which is "to

conquer all fears through faith". Leighton is a long standing volunteer and has served the Credit Union's Supervisory Committee since May 2001.



## CREDIT COMMITTEE

### Profile of Volunteers Cont'd...

#### *Marcia Dinnall-Douglas*



**M**arcia has been employed to First Global Financial Services for the past 5 years and is currently the Assistant Manager for Loan & Property Administration. Marcia believes that the customer is vital and her philosophy is simply "treat people the way you would like to be treated". She has been serving on the Credit Committee since June 2009.

#### *Colin Atkinson*



**A**proud graduate of the prestigious St. Georges College, Colin Atkinson has been an integral member of the GraceKennedy family for the past 14 years and is currently employed to GK Finance Department. Colin is a fervent believer that "To whom much is given, much is demanded and gifts given must be returned to the greater glory of God". He has been serving on the Credit Committee since June 2007.

#### *Sophia Gordon-Dennis*



**S**ophia has been employed to GraceKennedy Ltd. for the past 11 years as an Internal Auditor. Sophia holds true to her philosophy that "not everything that counts can be counted", she

aspires to venture into the field of Risk Management. She is currently the Chairperson of the Credit Committee on which she has served since June 2008.

#### *Marsha Cope-Johnson*



**M**arsha became a volunteer for the Credit Committee of the Credit Union in June 2010 and holds strongly to her philosophy of "Never say Never". She has been a member of the GraceKennedy family for the past 7 years and is currently the Finance Manager for GraceKennedy Foods Division.

#### *Sydoney Johnson*



**S**ydoney Johnson is a longstanding volunteer of the Credit Union and is currently the Registrar/ Corporate Secretarial Administrator for GraceKennedy Ltd. She has been employed to GraceKennedy for the past seven years and believes in the commitment of task given. Sydoney has been serving on the Credit Committee since 2007 and is the current Secretary.



## BOARD OF DIRECTORS

### *Gilroy Graham*



**M**r. Graham is the current President of the Board of Directors for the Grace Co-operative Credit Union where he has been serving since 2008. He is the Senior General Manager, GK Domestic Business and has held several senior posts within the Group, namely; Deputy/ General Manager, GraceKennedy - Belize and General Manager for World Brands, and most recently General Manager for Grace Foods & Services. His involvement with the Credit Union Movement started in 1990 at St. John's Credit Union in Belize. He was also a Director of the Caribbean Confederation of Credit Unions. Mr. Graham is results oriented and provides directional guide for the Credit Union with his excellent planning and organizational skills.

### *Edward Christopher Bond*



**M**r. Bond has been a Human Resource Manager and Authority on Industrial Relations matters with the GraceKennedy family for over 2 decades, first at Hilo Foods in 1984, then Group HRD in 1992 and subsequently at Hardware and Lumber in 2007.

He retired in 2009 but continues to serve as an HR consultant to the GraceKennedy Group. He is a longstanding volunteer for the Credit Union, having previously served on the Education and Recruitment Committee and currently in the capacity of a Board Member for over 15 years. He is a firm believer that "my own success, is best achieved, by helping others to succeed."

## Profile of Volunteers Cont'd...

### *Joseph Taffe*



**M**r. Taffe's professional career at GraceKennedy Ltd. spans over 22 years, holding senior positions in five divisions of the Group. Mr. Taffe started as an Internal Auditor in 1989, he became the Manager of that department in 1998 with ensuing promotions of Group Finance Manager, General Manager & Snr VP Central Services -First Global Bank, Chief Operating Officer GK Invest. He was also seconded to Dairy Industries & George & Brandy as Acting Financial Controller. He is currently the Acting Chief Internal Auditor with GraceKennedy Ltd., also a past President of the Credit Union, an existing Director and a honoured volunteer.

### *Janette Taylor*



**M**s. Taylor joined the Grace Kennedy family in 1990 as an Accountant with Rapid True Value and then in 1996 moved to Grace Kennedy Group Accounts Department, where presently she is the Chief Accountant. Her over 20 years of service in the field of accounting to Grace Kennedy has provided the Credit Union with 15 years of stalwart volunteerism in the capacity of Treasurer and Director. Ms. Taylor is renowned for her attention to detail and commitment to time lines. An emissary of Wolmers High School For Girls she epitomizes the school's motto "Age Quod Agis", Whatever you do, do it to the best of your ability!



## Andrew Levy



**M**r. Levy joined the Board of Directors for the Credit Union in 2009 and is also a member of the Chartered Insurance Institute and the Insurance Institute of Jamaica. He has been employed to the Grace Kennedy Group for over 18 years, and is currently the Managing Director of Jamaica International Insurance Company Ltd. Mr. Levy is a graduate of Campion College and believes success can be attained if you are "Steadfast and Work in Faith". His dependability and commitment to work and family is well known.

## Jerry Hamilton



**M**r. Hamilton has served the Credit Union for over 8 years in the capacity of Credit Committee member, Secretary & latest as a Director. He has spent the last 22 years in service to Grace Kennedy Foods & Service, first as an Accounting Clerk, then successive promotions to Supervisor, Customer Service Manager and Credit/Customer Service Manager. A product of Munro College, his roots are embedded in the Christian faith, voluntary service and commitment to tasks assigned.

## Karen Walker



**A**n astute graduate of Manning's High School, Karen Walker began her professional career at GraceKennedy in 1990 as an Accountant and is presently the Senior Accountant Cash

Management in the Accounts Department. Karen is a keen volunteer for over 5 years, serving on several committees namely; Credit, Supervisory and now as a Director. Karen's life principle is to "change the changeable, accept the unchangeable and remove yourself from the unacceptable."

## Paula Barclay



**M**rs. Barclay has over a decade of service to GraceKennedy in their Banking Sector and has held several positions such as Treasury Manager, Managing Director First Global Leasing, Vice President Pension, and now serves as Vice President of Retail Banking at First Global Bank. Mrs. Barclay has been a volunteer for the Credit Union for over 5 years and has served as Secretary and is the current 2nd Vice President.

## Sandra Barnett



**S**andra Barnett was nominated to the Board of Directors of the Credit Union in 2009. She is currently the Financial Comptroller at Allied Insurance Brokers since 2002. Mrs. Barnett is an esteemed Accountant and a Fellow of the Association of Chartered Accountants of Jamaica. A graduate of Holy Childhood High, Mrs. Barnett is an avid believer in the Christian faith and encourage those around her to seek spiritual guidance in all they do, to achieve ultimate success.



Grace Co-operative Credit Union Limited



**DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES**  
MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE (MIIC)

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

**2 MUSGRAVE AVENUE  
KINGSTON 10**

TEL: 927-4912/927-6572  
or 978-1946  
Fax: 927-5832  
dcfs@cwjamaica.com

S1  
R376/-166/04/11

April 4, 2011

The Secretary  
Grace Co-operative Credit Union Limited  
73 Harbour Street  
**KINGSTON**

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the year ended December 31, 2010.

You must now hold the Annual General Meeting convened under **Regulation 19** of the Co-operative Societies Regulations, 1950. At least seven (7) days notice shall be given before the meeting is held.

A copy of your report, which you intend to present to the Annual General Meeting on the year's working of the Society as set forth in **Regulation 35** of the Co-operative Societies Regulations should be forwarded to this office.

Kindly advise me of the date of the Annual General Meeting, so that arrangements may be made for the Department to be represented.

Yours sincerely,

.....  
**Lavern Gibson-Eccleston (Mrs.)**  
**(FOR) REGISTRAR OF CO-OPERATIVE**  
**SOCIETIES AND FRIENDLY SOCIETIES**



# **Grace Co-operative Credit Union Limited**

# **Financial Statements**

**as at December 31, 2010**



**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**AS AT 31 DECEMBER 2009**

**C O N T E N T S**

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**STATEMENT I**

**REPORT OF THE AUDITORS  
TO THE REGISTRAR OF THE CO-OPERATIVE SOCIETIES  
RE: GRACE CO-OPERATIVE CREDIT UNION LIMITED**

We have audited the accompanying Statement of Financial Position of Grace Co-operative Credit Union Limited at December 31, 2010 and the related Statement of Comprehensive Income, Cash Flows and changes to Shareholders' Equity for the year then ended and the summary of significant accounting principles and the explanatory notes set on statement VI – VI.22.

**Management's Responsibility for the Financial Statements**

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

**Auditor's 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 misstatements.

An Audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements whether due to fraud or error. In making those risk assessments the auditor considers internal controls 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 controls. 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 opinion.

*cont'd.statement I.1*



**STATEMENT I.1**

*Auditor's Report cont'd.*

**Opinion**

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the financial position of the Credit Union at December 31, 2010 and of the results of operations, changes in equity and cash flows of the credit union for the year then ended, and have been prepared in accordance with International Financial Reporting Standards and comply with the Co-operative Societies Act.

**GILBERT THOMPSON & COMPANY**  
CHARTERED ACCOUNTANTS

March 8, 2011



**STATEMENT II**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2010**

<b>ASSETS</b>	<b><u>NOTES</u></b>	<b><u>2010</u></b> <b>\$</b>	<b><u>2009</u></b> <b>\$</b>
<b>EARNING ASSETS</b>			
<b>LOANS TO MEMBERS</b>	5	<b>237,049,523</b>	<b>226,391,896</b>
Loans		237,198,381	226,456,882
Allowance for loan losses	5	(148,858)	(64,986)
<b>LIQUID ASSETS</b>	10	<b>125,372,386</b>	<b>117,260,234</b>
Cash and cash equivalent		5,479,194	2,702,798
Liquid reserve (JCCUL)		119,893,192	114,557,436
<b>FINANCIAL INVESTMENTS</b>			
Securities and equivalent	11	30,815,638	28,567,603
<b>NON EARNING ASSETS</b>			
<b>OTHER ASSETS</b>	12	<b>1,654,394</b>	<b>7,455,905</b>
Receivables		482,955	376,632
Interest receivable		1,171,439	7,079,273
<b>INTANGIBLE ASSET</b>			
Software	8a	408,782	-
<b>FIXED ASSETS</b>			
Furniture, fixtures and equipment	8	<u>656,043</u>	<u>211,533</u>
<b>TOTAL ASSETS</b>		<b><u>395,956,766</u></b>	<b><u>379,887,171</u></b>



## Grace Co-operative Credit Union Limited

### STATEMENT II.1

#### GRACE CO-OPERATIVE CREDIT UNION LIMITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	NOTES	2010 \$	Restated 2009 \$
<b>LIABILITIES</b>			
<b>INTEREST BEARING LIABILITIES</b>		<b>311,940,598</b>	<b>293,858,117</b>
Members savings deposits	13	66,943,526	58,785,896
External credits	14	-	15,000,000
Voluntary Shares		244,997,072	220,072,221
<b>NON-INTEREST BEARING LIABILITIES</b>	15	<b>23,123,954</b>	<b>28,842,385</b>
Accruals		4,829,829	3,941,285
Payables	26	18,212,635	24,821,860
Other		81,490	79,240
<b>TOTAL LIABILITIES</b>		<b>335,064,552</b>	<b>322,700,502</b>
<b>CAPITAL</b>			
<b>MEMBERS SHARE CAPITAL</b>		<b>2,028,000</b>	<b>2,025,000</b>
Permanent Shares	18	2,028,000	2,025,000
<b>NON-INSTITUTIONAL CAPITAL</b>			
Retained earnings and reserves	16	1,268,468	1,262,468
Undistributed surplus	26	4,310,600	1,371,244
<b>INSTITUTIONAL CAPITAL</b>			
Statutory and legal reserves	17	46,853,752	46,096,563
Capital revaluation reserves		6,431,394	6,431,394
<b>TOTAL CAPITAL</b>		<b>60,892,214</b>	<b>57,186,669</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>		<b>395,956,766</b>	<b>379,887,171</b>

For and on behalf of the Directors

  
DIRECTOR

  
DIRECTOR

The notes on statements VI form an integral part of the financial statements.



**STATEMENT III**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDING 31 DECEMBER 2010**

	<b><u>NOTES</u></b>	<b><u>2010</u></b> <b>\$</b>	<b>Restated</b> <b><u>2009</u></b> <b>\$</b>
<b>INTEREST INCOME</b>		<b>49,896,096</b>	<b>55,624,842</b>
Loans and advances to members		34,891,607	33,649,995
Liquid assets		11,535,499	17,899,874
Investments		2,742,152	2,876,961
Interest JCCUL - CuCash		726,838	1,198,012
<b>INTEREST EXPENSE</b>		<b>17,746,543</b>	<b>24,764,806</b>
Savings deposit and voluntary shares	26	16,999,153	22,179,917
External credit		0	2,024,331
Other financial cost		747,390	560,558
<b>NET INTEREST INCOME</b>		<b>32,149,553</b>	<b>30,860,036</b>
(Increase)/Recoverable of loan losses		(83,872)	4,639
<b>NET INTEREST INCOME AFTER PROVISION</b>		<b>32,065,681</b>	<b>30,864,675</b>
<b>NON-INTEREST INCOME</b>			
Miscellaneous income	6	1,104,965	659,511
<b>NET INTEREST AND OTHER INCOME</b>		<b>33,170,646</b>	<b>31,524,186</b>
<b>OPERATING EXPENSES</b>	25	29,427,701	27,425,684
<b>SURPLUS FOR THE YEAR</b>		<b>3,742,945</b>	<b>4,098,502</b>
<b>HONORARIA</b>		55,000	55,000
<b>SURPLUS</b>		<b>3,687,945</b>	<b>4,043,502</b>

The notes on statements VI form an integral part of the financial statements.



**STATEMENT IV**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2010**

	Members Permanent Share Capital	Institutional Capital	Non- Institutional Capital (Undistributed Net Surplus)	TOTAL
<b>Balance at 1 January 2009</b>		48,007,463	21,878,206	69,885,669
Net surplus - restated		-	4,043,502	4,043,502
Unclaimed share reserve				
Transfer to statutory reserve		4,510,598	(4,510,598)	-
Appropriations -				
Transfer to retained earnings reserve				
Dividends		-	(16,720,398)	(16,720,398)
Entrance fee		9,896	-	9,896
		9,896	(16,720,398)	(16,710,502)
Share Transfer Account			52,000	52,000
Contributions	2,025,000	-	(2,109,000)	(84,000)
Withdrawals and transfers of shares		-	-	-
<b>Balance at 31 December 2009 - restated</b>	<b>2,025,000</b>	<b>52,527,957</b>	<b>2,633,712</b>	<b>57,186,669</b>
<b>Balance at 1 January 2010</b>	<b>2,025,000</b>	<b>52,527,957</b>	<b>2,633,712</b>	<b>57,186,669</b>
Net surplus		-	3,687,945	3,687,945
Transfer to statutory reserve		748,589	(748,589)	-
Appropriations -				
Transfer to retained earnings reserve				
Entrance fee	-	8,600	-	8,600
	-	8,600	-	8,600
Share Transfer Account	-	-	6,000	6,000
Contributions	3,000	-	-	3,000
<b>Balance at 31 December 2010</b>	<b>2,028,000</b>	<b>53,285,146</b>	<b>5,579,068</b>	<b>60,892,214</b>

**STATEMENT IV.1**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2010**

	INSTITUTIONAL CAPITAL		
	Statutory Reserve	Capital Reserves	TOTAL
<b>Balance at 1 January 2009</b>	41,576,069	6,431,394	48,007,463
Statutory reserve (20%)	4,510,598	-	4,510,598
Entrance fees	9,896	-	9,896
<b>Balance at 31 December 2009</b>	46,096,563	6,431,394	52,527,957
Statutory reserve (20%)	748,589	-	748,589
Entrance fees	8,600	-	8,600
<b>Balance at 31 December 2010</b>	46,853,752	6,431,394	53,285,146



# Grace Co-operative Credit Union Limited

## STATEMENT V

### GRACE CO-OPERATIVE CREDIT UNION LIMITED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2010

	<u>NOTES</u>	<u>2010</u> \$	Restated <u>2009</u> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		3,687,945	4,043,502
Adjustment to reconcile surplus to			
Net cash provided by operating activities:			
Depreciation	8	251,088	88,045
Amortization	8a	116,794	-
		<u>4,055,827</u>	<u>4,131,547</u>
Net cash provided by operating activities			
<b>Cash flows from investing activities:</b>			
Fixed assets		(1,221,174)	(180,150)
Investments		(2,248,035)	(2,685,920)
Loans to members - Net		(10,657,626)	(12,750,068)
Other receivables		5,801,510	(2,026,584)
		<u>(8,325,325)</u>	<u>(17,642,722)</u>
Net cash used in investing activities			
<b>Cash flows from financing activities:</b>			
Share capital - Voluntary		24,924,851	24,813,980
Share capital - Permanent		3,000	2,025,000
Entrance fees		8,600	9,896
Savings account (members)		8,157,630	(6,431,718)
External credit		(15,000,000)	(427,685)
Accruals		888,544	1,031,174
Payables		(6,609,225)	18,877,082
Other payables		2,250	26,980
Dividends		-	(16,720,398)
Reserve		(9,949,367)	3,541,851
		<u>2,426,283</u>	<u>26,746,162</u>
Net cash provided by financing activities			
Increase in liquid assets		(1,843,215)	13,234,987
Liquid asset at beginning of the year		104,852,565	91,617,578
		<u>103,009,350</u>	<u>104,852,565</u>
Liquid asset at end of year			

The notes on statements VI form an integral part of the financial statements.



**STATEMENT VI**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2010**

**1. IDENTIFICATION AND ACTIVITIES:**

Grace Co-operative Credit Union Limited is a co-operative society registered under the Co-operative Societies Act and resident in Jamaica. Membership is limited to employees and their immediate family of GraceKennedy Limited, its subsidiaries, associates and managed companies, all ex-employees of the bond as stated who are in good standing with the Credit Union, all pensioners of the bond as stated and their immediate family.

The main activities of the society are:

- a) To promote thrift among its members by affording them an opportunity to accumulate their savings.
- b) To create for them a source of credit for provident or productive purposes at a reasonable rate of interest.

**2. REGULATION:**

The Co-operative Societies Act requires, amongst other provision, that at least 20% of the net profit of the credit union be transferred annually to a reserve fund. The Co-operative is exempt from Income Tax under Section 59 (1) of the Co-operative Societies Act and Section 12 of the Income Tax Act.

The liability of individual members is limited by shares. Individual membership liability may not exceed 20% of total share capital.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**a) Basis of preparation -**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the provision of the Co-operative Societies Act and have been prepared under the historical cost convention.

**b) Use of estimates -**

The preparation of financial statements in conformity with IFRS requires management to make estimates and 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 revenue and expenses during the reporting period. Actual results may differ from these estimates.

**c) Financial instruments -**

Financial instruments carried on the statement of financial position include loans, liquid assets, financial investments, cash and bank balances, interest and other receivables, members' deposit and interest and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The fair value of the credit union's financial instruments are discussed in Note 19.



**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTD:**

**d) Foreign currencies -**

Transactions during the year are converted at appropriate rate of exchange ruling at transaction dates. Assets and liabilities are translated at appropriate rate of exchange ruling at the statement of financial position date. Gains and losses arising from fluctuations in exchange are included in the statement of comprehensive income.

**e) Revenue recognition -**

Interest income earned from investments, interest expense and fee are recorded on the accrual basis. Income earned from loan is recognised in the statements of comprehensive income on an accrual basis.

**f) Fixed assets and depreciation -**

Fixed assets are depreciated on the straight line method at rates designed to write off their cost over their estimated useful lives. However, depreciation is prorated on a monthly basis during the year of purchase. Fixed assets are reviewed periodically for impairment. Where the carrying amount of an asset is greater than the estimated recoverable amount it is written down immediately to its recoverable amount.

The rates of depreciation are as follows:-

Furniture and Fixtures	10%
Automated Teller Machine	10%
Data Processing Equipment	33 1/3%

**Intangible assests -**

**Computer software**

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These cost are amortised over the estimated useful life of the software, which is 3 years.

**g) Loans -**

Loans are stated net of any unearned income and of any allowance for delinquent loans. All loans are recognised when cash is advanced to members.

A loan is classified as delinquent when, in management's opinion, there has been a deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest. If a payment on a loan is contractually sixty (60) days in arrears, the loan will be classified as delinquent, if not already classified as such.

**h) Provision For loan losses -**

The credit union maintains an allowance for loan losses, which in management's opinion, is adequate to absorb all credit related losses in its portfolio. The allowance consists of specific and general provisions for doubtful debts.

Specific provisions are established as a result of a review of the carrying value of loan in arrears and are derived based on the Jamaica Co-operative Credit Union League Limited provisioning policy of making a full provision for loans in arrears for over one (1) year. General provisions of 10% - 60% are established in respect of loans in arrears for two (2) to twelve (12) months.



**STATEMENT VI.2**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2010**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT'D:**

**i) Investments -**

Management determines the classification of investment at times of purchase into held to maturity and available for sale.

Loans and advances which are provided directly to borrowers are classified as originating debts. These are initially recorded at cost which is the cash given to originate the debt including any transaction cost and are subsequently measured at amortized cost. Investments purchased on the secondary market which are intended to be held for an indefinite period of time and may be sold in response to liquidity needs or changes in interest rate are classified as available for sale. These investments are initially recognized at cost but are subsequently re-measured at fair value. Unrealised gains and losses arising from changes in fair values of securities classified as available for sale are recognized in equity. When securities are disposed of or impaired, the related accumulated fair value adjustments are included in the statements of revenue and expenses as gains and losses from investment securities.

A financial asset is considered impaired if its carrying amount exceeds its recoverable amount. The amount of the impairment loss of assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective rate. The recoverable amount of a financial asset is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset. All purchases and sales on investment securities are recognized at settlement date.

**j) Institutional capital -**

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

**k) Pension plan costs -**

The credit union participates in two schemes, operated by Gracekennedy Limited, a defined benefit and defined contribution, Employees contribute 5% of pensionable earnings with the option to contribute an additional voluntary contribution of 5%. The employer contributions for the defined benefit and defined contribution schemes are 0.5% and 10% respectively. The defined contribution scheme becomes effective for employees hired on or after 1 April 2010 and the defined benefit was closed on 31/03/2010, taking into account the recommendations of independent qualified actuaries.

# A.G.M.

2010

# PICTORIAL



Annual General Meeting 2011



*We are always here for you!*

**CENTRESPREAD**

Annual General Meeting 2011



*We are always here for you!*



**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2010**

**4. FINANCIAL INSTRUMENTS RISK MANAGEMENT:-**

**(a) Introduction and overview**

The Society has exposure to the following risks from its use of financial instruments

- (i) Credit risks
- (ii) Liquidity risks
- (iii) Market risks

The Board of Directors has overall responsibility for the establishment and oversight of the Society's risk management framework. The Society's risk management policies are established to identify and analyze the risks faced by the Society, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Board through its various committees is responsible for monitoring compliance with the Society's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Society. All committees report regularly to the Board on their activities.

The Supervisory Committee is responsible for monitoring compliance with the Society's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Society.

**(b) Credit Risk :-**

Credit risk is the risk of financial loss to the Society if a member or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Society's loans to members, deposits with other institutions and investment securities.

**(i) Loans to members and guarantees:-**

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

**Collateral:-**

The Society holds collateral against loans to members in the form of mortgage interest over property, lien over motor vehicles, other registered securities over assets, hypothecation of shares held in the Society and guarantees. Estimates of fair value are based on value of collateral assessed at the time of borrowing and are generally not updated except when a loan is individually assessed as impaired.



**STATEMENT VI.4**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2010**

**4. FINANCIAL INSTRUMENTS RISK MANAGEMENT CONTD:-**

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

**Impaired loans:-**

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

**Past due but not impaired loans:-**

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

**Loans with renegotiated terms:-**

Loans with renegotiated terms are loans that have been restructured due to deterioration in the member's financial position and where the Society has made concession that it would not otherwise consider. Once the loan is restructured, it remains in this category, for the remaining life of the loan, independent of satisfactory performance after restructuring.

**Allowances for impairment:-**

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

**Write-off policy:-**

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



**STATEMENT VI.5**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. FINANCIAL INSTRUMENTS RISK MANAGEMENT CONTD:-**

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

**(ii) Deposits and investments securities**

The Society limits its exposure to credit risks by investing only in liquid assets and only with counterparties that have a high credit quality, Therefore, management does not expect counterparty to fail to meet its obligations.

The Credit Union has documented investment and deposit policies in place, which guide it in managing its deposit and investment risks.

**(iii) Exposure to credit risk:-**

The carrying amount of financial assets represents the maximum exposure to credit exposure (before collateral held) which at the statement of financial position date was:

	<b><u>2010</u></b>	<b><u>2009</u></b>
	<b><u>\$</u></b>	<b><u>\$</u></b>
Loans to members, net	237,049,523	226,391,896
Liquid assets - earning	125,372,386	117,260,234
Financial investments	30,815,638	28,567,603
Non-earning assets - other	1,654,394	7,455,905
	<b><u>394,891,941</u></b>	<b><u>379,675,638</u></b>

There has been no change to the Society's exposure to credit risk or the the manner in which it manages and measures the risk.

**( c ) Liquidity risk:-**

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations from its financial liabilities. The Society's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due under both normal or stressed conditions. Prudent liquidity risk management which the Society uses includes maintaining sufficient cash and marketable securities, monitoring future cash flows and liquidity on a daily basis and maintaining an adequate amount of committed facilities.



STATEMENT VI.6

GRACE CO-OPERATIVE CREDIT UNION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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FINANCIAL INSTRUMENTS RISK MANAGEMENT CONTD:-

(c) Liquidity risk (cont'd)

The Society manages this risk by keeping a substantial portion of its financial assets in liquid form in accordance with regulatory guidelines.

The Society is subject to a liquidity limit imposed by the League and compliance is regularly monitored. The key measure used by the Society for managing liquidity risk is the ratio of liquid assets minus short-term payables to total savings. For this purpose, liquid assets include cash bank balances and all liquid investments with maturity date of twelve months or less. The liquid asset ratio at the end of the year was **1:3.0 (2009 1:3.0)**.

The Credit Union is also required to hold a liquidity reserve requirement of 10% of specified liabilities. A minimum of 8% is to be held with the League while a maximum of 2% can be held with approved financial institutions. The Credit Union was in compliance with the liquidity reserve requirement of 30.0% at the end of the year 2010, (2009 : 30.0%)

There has been no change to the Society's exposure to liquidity risk or the manner in which it manages and measures the risk.

The following table represents the undiscounted contractual maturities of financial liabilities, including interest payments on the basis of their earliest possible contractual maturity.

	<u>Within 1</u>	<u>1 to 3</u>	<u>2010</u> <u>3 to 12</u>	<u>1 - 5</u>	<u>Over 5</u>	<u>Carrying</u>
	<u>Month</u>	<u>Months</u>	<u>Months</u>	<u>Years</u>	<u>Years</u>	<u>Amount</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Savings deposit	5,020,764	35,480,069	15,397,011	11,045,682		66,943,526
Voluntary shares	-	-	-	-	244,997,072	244,997,072
External credit	-	-	-	-	-	-
Accounts payables	4,060,566	3,500,967	8,151,194	7,411,227	-	23,123,954
	<b>9,081,331</b>	<b>38,981,035</b>	<b>23,548,205</b>	<b>18,456,909</b>	<b>244,997,072</b>	<b>335,064,552</b>

	<u>Within 1</u>	<u>1 to 3</u>	<u>2009</u> <u>3 to 12</u>	<u>1 - 5</u>	<u>Over 5</u>	<u>Carrying</u>
	<u>Month</u>	<u>Months</u>	<u>Months</u>	<u>Years</u>	<u>Years</u>	<u>Amount</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Savings deposit	4,408,942	31,156,525	13,520,756	9,699,673		58,785,896
Voluntary shares	-	-	-	-	220,072,221	220,072,221
External credit	-	-	-	15,000,000	-	15,000,000
Accounts payables	1,823,300	1,572,025	22,119,226	3,327,834	-	28,842,385
	<b>6,232,242</b>	<b>32,728,550</b>	<b>35,639,982</b>	<b>28,027,507</b>	<b>220,072,221</b>	<b>322,700,502</b>



**STATEMENT VI.7**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2010**

**4. FINANCIAL INSTRUMENTS RISK MANAGEMENT CONTD:-**

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

Members share capital are divided into permanent and voluntary. Voluntary shares maybe withdrawn at anytime and this is classified in the account as a liability. Permanent shares however cannot be withdrawn.

Voluntary shares have no contractual maturity. The amounts included in the analysis are based on management's estimate of expected cash flows on these instruments as determined by retention history. These may vary significantly from actual cash flows, which are generally expected to maintain a stable or increasing balance.

The Credit Union is in the process of documenting the assets and liabilities policy that guides the management of its liquidity risks.

**( d ) Market risk:-**

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

There has been no change to the Society's exposure to market risks or the manner in which it manages and measures the risk.

**(i) Currency risk:-**

Currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Society is not exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaican dollar.



## STATEMENT VI.8

### GRACE CO-OPERATIVE CREDIT UNION LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2010

#### 4. FINANCIAL INSTRUMENTS RISK MANAGEMENT CONTD:-

##### (ii) Interest rate risk:-

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities, which are subject to interest rate adjustments within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values. Interest rate risk is managed by holding primarily fixed rate financial instruments.

A summary of the Society's interest rate gap position is as follows:

	2010			
	<u>Within</u>	<u>3 to 12</u>	<u>Over</u>	<u>Carrying</u>
	<u>3 months</u>	<u>months</u>	<u>12 months</u>	<u>amount</u>
	<u>\$' 000</u>	<u>\$' 000</u>	<u>\$' 000</u>	<u>\$' 000</u>
<b>ASSETS</b>				
Loans	20,149,209	33,186,933	183,713,380	237,049,522
Liquid assets	75,223,432	18,805,858	31,343,097	125,372,386
Financial investments	-	9,244,691	21,570,947	30,815,638
	<b>95,372,641</b>	<b>61,237,482</b>	<b>236,627,423</b>	<b>393,237,546</b>
<b>LIABILITIES</b>				
Savings deposits	40,166,116	15,397,011	11,380,399	66,943,526
	<b>40,166,116</b>	<b>15,397,011</b>	<b>11,380,399</b>	<b>66,943,526</b>
Total interest rate gap	<b>55,206,525</b>	<b>45,840,471</b>	<b>225,247,023</b>	<b>326,294,020</b>
Cumulative gap	<b>55,206,525</b>	<b>101,046,997</b>	<b>326,294,020</b>	<b>-</b>

A summary of the Society's interest rate gap position is as follows:

	2009			
	<u>Within</u>	<u>3 to 12</u>	<u>Over</u>	<u>Carrying</u>
	<u>3 months</u>	<u>months</u>	<u>12 months</u>	<u>amount</u>
	<u>\$' 000</u>	<u>\$' 000</u>	<u>\$' 000</u>	<u>\$' 000</u>
<b>ASSETS</b>				
Loans	19,243,311	31,694,865	175,453,719	226,391,896
Liquid assets	70,356,140	17,589,035	29,315,059	117,260,234
Financial investments	-	8,570,281	19,997,322	28,567,603
	<b>89,599,452</b>	<b>57,854,181</b>	<b>224,766,100</b>	<b>372,219,733</b>
<b>LIABILITIES</b>				
Savings deposits	35,271,538	13,520,756	9,993,602	58,785,896
External credits			15,000,000	15,000,000
	<b>35,271,538</b>	<b>13,520,756</b>	<b>24,993,602</b>	<b>73,785,896</b>
Total interest rate gap	<b>54,327,914</b>	<b>44,333,425</b>	<b>199,772,498</b>	<b>298,433,837</b>
Cumulative gap	<b>54,327,914</b>	<b>98,661,339</b>	<b>298,433,837</b>	<b>-</b>



**STATEMENT VI.9**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2010**

**4. FINANCIAL INSTRUMENTS RISK MANAGEMENT CONTD:-**

**Sensitivity analysis:-**

The following table indicates the sensitivity to a reasonable change of basis 100 points in interest rate with all other variables held constant, on the society's profit and loss and equity.

The Society's interest rate risk arises from financial investment, deposits with the League and borrowings/external credit. The sensitivity of the profit or loss is the effect of the assumed charges in interest rates on net income based on variable rate financial assets and variable rate external credit.

		<b><u>Effect on Surplus</u></b>	<b><u>Effect on Equity</u></b>
December 31, 2010	<b>100</b>	154,078	0
	<b>-100</b>	(154,078)	0
		<u>0</u>	<u>0</u>
December 31, 2009	<b>100</b>	236,104	0
	<b>-100</b>	(236,104)	0
		<u>0</u>	<u>0</u>

**( e ) Capital management:-**

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

The Society is required by the League to maintain its institutional capital at a minimum of 8% its total assets. At the statement of financial position date, this ratio was 13.5%, (2009 13.8%) which is in compliance with the requirements.

There were no changes in the society's approach to capital management during the year.

The Credit Union is in the process of documenting the capital management policy that guides the management of the capital requirements.



**STATEMENT VI.10**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2010**

**5. LOANS TO MEMBERS:-**

	<u>2010</u>	<u>2009</u>
	<u>\$</u>	<u>\$</u>
Balance at start of year	226,391,896	213,641,828
Loans granted	206,942,554	152,984,093
Less repayments	(213,542,451)	(158,772,369)
Less allowances for loan loss	(83,872)	(64,986)
	<b>219,708,127</b>	<b>207,788,566</b>
Staff and related parties	17,341,396	18,603,330
	<b>237,049,523</b>	<b>226,391,896</b>

The maximum exposure to credit risk for loans to members at statement of financial position date by type of customers was:

	<u>2010</u>	<u>2009</u>
	<u>\$</u>	<u>\$</u>
<b>Purpose:</b>		
Personal	109,346,072	107,747,264
Motor vehicles	55,571,525	56,313,709
Residential	39,467,494	38,651,444
Debt refinancing	28,440,894	20,496,823
Business	397,819	1,438,211
Construction and real estate	3,825,719	1,744,445
	<b>237,049,523</b>	<b>226,391,896</b>

The credit quality of loans is summarized as follows:

	<u>2010</u>	<u>2009</u>
	<u>\$</u>	<u>\$</u>
Neither past due nor impaired	236,198,255	225,550,649
Past due but not impaired	-	-
2 to 3 months	710,429	804,842
3 to 6 months	228,756	-
6 to 12 months	-	-
Over 12 months	60,941	101,391
Individually impaired	-	-
Collectively impaired	-	-
Less provision for loan losses.	(148,858)	(64,986)
	<b>237,049,523</b>	<b>226,391,896</b>



**STATEMENT VI.11**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2010**

**5. LOANS TO MEMBERS CONTD:-**

Delinquent loans:

The following is a summary of delinquent loans at December 31, 2010.

<u>Period overdue</u>	<u>Numbers in arrears</u>	<u>Loans in arrears</u>	<u>Rate (%)</u>	<u>Loan loss provision required</u>
1 to 2 months	4	517,525	0	0
2 to 3 months	1	192,904	10	19,290
3 to 6 months	2	228,756	30	68,627
6 to 12 months	0	0	0	0
Over 12 months	1	60,941	100	60,941
	4	1,000,126		148,858

The fair value of collateral held as security against individual loans are \$4,179,206 (2009 \$790,922)  
There were no renegotiated loans for the years 2010 and 2009.

**Allowances for loan losses**

	<u>2010</u>	<u>2009</u>
	<u>\$</u>	<u>\$</u>
Balance brought forward	64,986	69,625
Loans written - off	-	-
Increase (Decrease) in provision for current year	83,872	(4,639)
Recovery of bad debt		
<b>Balance brought forward</b>	<b>148,858</b>	<b>64,986</b>

Provision made in accordance with JCCUL provisioning requirements is as follows:

	<u>2010</u>	<u>2009</u>
	<u>\$</u>	<u>\$</u>
Specific provision	148,858	64,986
General provision	-	-
	<b>148,858</b>	<b>64,986</b>



**STATEMENT VI.12**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. NON-INTEREST INCOME:**

	<b><u>2010</u></b>	<b><u>2009</u></b>
	<b><u>\$</u></b>	<b><u>\$</u></b>
Commission	567,495	456,993
Miscellaneous	537,470	202,518
	<u>1,104,965</u>	<u>659,511</u>

**7. NET SURPLUS:**

	<b><u>2010</u></b>	<b><u>2009</u></b>
	<b><u>\$</u></b>	<b><u>\$</u></b>
Net surplus is shown after charging:-		
Auditors' remuneration	420,000	400,000
Depreciation (note 8)	367,882	88,045
Repairs and maintenance	114,482	0
Staff costs (note 9)	<u>15,879,091</u>	<u>15,118,072</u>



# Grace Co-operative Credit Union Limited

## STATEMENT VI.13

### GRACE CO-OPERATIVE CREDIT UNION LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2010

#### 8. FIXED ASSETS:

	Equipment	Computer	Total
	\$	\$	\$
<b>At Cost -</b>			
At 1 January 2010	355,662	2,690,148	3,045,810
Disposal	(303,029)		(303,029)
Reclassified as Intangible Asset (Software)		(988,766)	(988,766)
Addition	116,089	579,509	695,598
At 31 December 2010	168,722	2,280,891	2,449,613
<b>Depreciation -</b>			
At January 2010	355,662	2,478,615	2,834,277
Disposal	(303,029)		(303,029)
Reclassified as Intangible Asset (Software)		(988,766)	(988,766)
Charge for the year	4,837	246,251	251,088
At 31 December 2010	57,470	1,736,100	1,793,570
<b>Net Book Value -</b>			
At 31 December 2010	111,252	544,791	656,043
At 31 December 2009	0	211,533	211,533

#### 8a. INTANGIBLE ASSET:

	Software	Total
	\$	\$
<b>At Cost -</b>		
At 1 January 2010	988,766	988,766
Addition	525,576	525,576
At 31 December 2010	1,514,342	1,514,342
<b>Amortisation -</b>		
At January 2010	988,766	988,766
Charge for the year	116,794	116,794
At 31 December 2010	1,105,560	1,105,560
<b>Net Book Value -</b>		
At 31 December 2010	408,782	408,782
At 31 December 2009	0	0



**STATEMENT VI.14**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2010**

**9. STAFF COSTS:**

	<b><u>2010</u></b>	<b><u>2009</u></b>
	<b><u>\$</u></b>	<b><u>\$</u></b>
Salaries , wages and statutory contributions	12,615,057	11,702,294
Other staff costs	<u>3,264,034</u>	<u>3,415,778</u>
	<u>15,879,091</u>	<u>15,118,072</u>
The average number of persons employed during the year.	6	6

**10. LIQUID ASSETS:**

	<b><u>2010</u></b>	<b><u>2009</u></b>
	<b><u>\$</u></b>	<b><u>\$</u></b>
Jamaica Co-operative Credit Union League Limited		
Fixed deposits	97,530,156	102,149,767
CuCash	22,363,036	12,407,669
Cash at bank and in hand	<u>5,479,194</u>	<u>2,702,798</u>
	<u>125,372,386</u>	<u>117,260,234</u>



**GRACE CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2009**

**11. FINANCIAL INVESTMENTS:**

	<b>1 to 5 Years</b>	<b>Over 5 Years</b>	<b>Carrying Value</b>	<b>Carrying Value</b>
			<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Held- to- maturity				
Government of Jamaica Securities -				
Debentures				
JCCUL -				
CuPremium	10,253,589	-	10,253,589	8,987,684
CUETS settlement fund	-	638,179	638,179	475,317
JCCUL shares	4,059,914	1,000,000	5,059,914	4,861,539
Mortgage funds	12,345,598	-	12,345,598	11,286,820
Qnet		270,323	270,323	270,323
	<b>26,659,101</b>	<b>1,908,502</b>	<b>28,567,603</b>	<b>25,881,683</b>

Weighted average effective interest rates are:

Jamaica Co-operative Credit Union League Limited	11.66%	14.65%
--	--------	--------

The rules of the Jamaica Co-operative Credit Union League Limited (the league) stipulate that the credit union must invest in various investment instruments of the League as follows:-

- (i) Ordinary shares - A minimum of 10,000 shares of a par value of \$1.00 should be held.  
The equivalent of amounts held in the statutory reserve must either be used to purchase league share or placed in league term deposits (Stated below).
- (ii) Term deposit - This account should include 1% line of credit monthly repayment, the required 20% statutory reserve and 25% of the members deposit balances.
- (iii) Mortgage fund - 5% of the net increase in the members' share accounts should be deposited there each month. This has been discontinued due to decision of the credit union league.



**STATEMENT VI.16**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2010**

**12. ACCOUNTS RECEIVABLE:**

	<u>2010</u>	<u>2009</u>
	\$	\$
Prepayment	299,748	227,217
Interest receivable - league	201,678	5,938,671
Interest receivable - members	969,761	1,140,602
Withholding Tax	183,207	149,415
	<u>1,654,394</u>	<u>7,455,905</u>

**13. MEMBERS' SAVINGS DEPOSITS:**

	<u>2010</u>	<u>2009</u>
	\$	\$
Balance at beginning of year	58,785,896	65,217,614
Add: Deposits and transfers	<u>20,137,342</u>	<u>4,693,725</u>
	78,923,238	69,911,339
Less: Withdrawals and transfers	<u>11,979,712</u>	<u>11,125,443</u>
Balance at end of year	<u>66,943,526</u>	<u>58,785,896</u>

**14. EXTERNAL CREDIT:**

	<u>2010</u>	<u>2009</u>
	\$	\$
GraceKennedy Ltd Pension Scheme	<u>0</u>	<u>15,000,000</u>
	<u>0</u>	<u>15,000,000</u>

The loan was disbursed on the 7th of January 2009 for a period of twelve months (12) at a rate of eleven percent (11%) and was repaid on the 16th of November 2010.



**STATEMENT VI.17**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2010**

**15. ACCOUNTS PAYABLE:**

	<b><u>2010</u></b>	<b><u>2009</u></b>
	<b>\$</b>	<b>\$</b>
Accruals	4,829,829	3,941,285
Payables	12,128,466	19,241,509
Unclaimed shares and dividends	1,000,115	1,000,115
Company guarantee	3,937,997	3,744,607
Beneficiaries of deceased members	35,667	35,667
Standing order	1,110,390	799,962
Other	81,490	79,240
	<b><u>23,123,954</u></b>	<b><u>28,842,385</u></b>

**16. NON - INSTITUTIONAL CAPITAL:**

	<b><u>2010</u></b>	<b><u>2009</u></b>
	<b>\$</b>	<b>\$</b>
Special reserve	785,736	785,736
Education reserve	214,793	214,793
Donation reserve	40,025	40,025
Share transfer account	58,000	52,000
Unclaimed share reserve	169,914	169,914
	<b><u>1,268,468</u></b>	<b><u>1,262,468</u></b>

**17. INSTITUTIONAL CAPITAL:**

	<b><u>2010</u></b>	<b><u>2009</u></b>
	<b>\$</b>	<b>\$</b>
Statutory and legal reserves	<b><u>46,853,752</u></b>	<b><u>46,096,563</u></b>
Capital revaluation reserves	<b><u>6,431,394</u></b>	<b><u>6,431,394</u></b>

Under the Co-operative Societies Act at least 20% of net surplus must be transferred to a statutory reserve. Members entrance fees are also credited to the statutory reserve.



**STATEMENT VI.18**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2010**

**18. SHARE CAPITAL:**

Shares in the cooperative entitle each member to one vote in the conduct of the affairs of the co-operative at general meetings. During 2009 shares were classified into permanent and voluntary shares . Voluntary shares may be transferred to another member or anyone eligible for membership with the consent of the Board of Directors. Voluntary shares may be withdrawn in whole or in part by a member, however, the Board of Directors reserves the right at any time to require a member to give notice not exceeding six months, provided that no member may withdraw any shareholdings below the amount of his liability to the co-operative without the approval of the Board of Directors.

**19. FAIR VALUES OF FINANCIAL INSTRUMENTS:**

Fair value amounts represents estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Many of the credit union's financial instruments lack an available trading market. Therefore, these instruments have been valued using present value or other valuation techniques and may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments. In addition, the calculation of estimated fair value is based on market conditions at a special point in time and may not be reflective of future fair values.

The following tables set out the fair values of financial instruments of the credit union using the valuation methods and assumptions described below. The fair value disclosed do not reflect the value of assets and liabilities that are not considered financial instruments, such as Equipment and Furniture and Fixtures.

Fair values were estimated as follows:

The fair values of liquid assets, cash and bank balances, interest and other receivables and interest and other payables are assumed to approximate their carrying values, due to their short-term nature.

Their fair value of investments is assumed to be equal to the estimated market value of investments provided in the following tables. These values are based on quoted market prices, when available; when not available other valuation techniques are used.

Loans are carried at amortised cost, which is deemed to approximate the fair value.

The fair values of deposits which are payable on demand or notice are assumed to be equal to their carrying values due to their short term nature.



STATEMENT VI.19

GRACE CO-OPERATIVE CREDIT UNION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2010

19. FAIR VALUES OF FINANCIAL INSTRUMENTS CONT'D:

	<u>2010</u>		<u>2009</u>	
	<u>\$</u>		<u>\$</u>	
	<u>Carrying</u>	<u>Fair</u>	<u>Carrying</u>	<u>Fair</u>
	<u>Value</u>	<u>Value</u>	<u>Value</u>	<u>Value</u>
	\$	\$	\$	\$
<b>ASSETS</b>				
<b>Earning assets</b>				
Loans	237,049,522	237,049,522	226,391,896	226,391,896
Liquid assets	125,372,386	125,372,386	117,260,234	117,260,234
Financial investments	30,815,638	30,815,638	28,567,603	28,567,603
<b>Non-earning assets</b>				
Cash in hand and at bank	0	0	0	0
Other assets	1,654,395	1,654,395	7,455,905	7,455,905
<b>Liabilities</b>				
<b>Interest bearing liabilities</b>				
Members savings' deposits	66,943,526	66,943,526	58,785,896	58,785,896
Loan	0	0	15,000,000	15,000,000
Voluntary Shares	244,997,072	244,997,072	220,072,221	220,072,221
<b>Non-interest bearing liabilities</b>				
Accounts payable	23,123,954	23,123,954	28,842,385	28,842,385



## STATEMENT VI.20

### GRACE CO-OPERATIVE CREDIT UNION LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2010

#### 20. RELATED PARTY TRANSACTIONS AND BALANCES:

At December 2010, nine (9) members of the credit union Board of Directors and ten (10) Committee Members and Connected Parties had shares and savings of \$11,416,906 (2009 \$9,504,528) and loans excluding interest totalling \$16,401,888 (2009 \$18,129,203)

Loans excluding interest due from members of staff totalled \$939,508.00 (2009 \$474,127). During the year no Director or Committee Members received any loan which necessitated waiver of the loan policy. At December 2010, all loans owing by Directors, Committee Members and Staff were being repaid in accordance with their loan agreement.

Directors are appointed on a voluntary basis and are not remunerated.

#### 21. COMPARISON OF LEDGER BALANCES:

	VOLUNTARY SHARES \$	PERMANENT SHARES \$	DEPOSITS \$	LOANS \$
Balance as per general ledger	244,997,072	2,028,000	66,029,050	237,049,522
Balance as per members' ledger	244,997,072	2,028,000	66,029,050	237,049,522
Difference	0		0	0

#### 22. LIFE SAVINGS AND LOAN PROTECTION INSURANCE:

During the year, the credit union had life savings and loan protection with Cuna Mutual Insurance Company Limited. The total premium for the year was \$976,432 (2009 - \$997,054.00).

#### 23. BONDING INSURANCE:

Bonding insurance was in force for the year under review.

#### 24. TRANSFERS AND APPROPRIATION:

	<u>2010</u> \$	<u>2009</u> \$
Less: Statutory appropriation	(748,589)	(4,510,598)
Dividends on shares and deposits	-	(16,720,398)
	<u>(748,589)</u>	<u>(21,230,996)</u>



**STATEMENT VI.21**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2010**

**25. OPERATING EXPENSES:**

	<b><u>2010</u></b>	<b><u>2009</u></b>
	<b><u>\$</u></b>	<b><u>\$</u></b>
<b>PERSONNEL EXPENSES</b>	<b>15,879,091</b>	<b>15,118,072</b>
Employee salaries and statutory contribution	12,615,057	11,702,294
Employee costs	3,143,934	3,067,088
Education and training	117,800	345,340
Staff travel and related expenses	2,300	3,350
 <b>ADMINISTRATIVE EXPENSES</b>	 <b>9,223,629</b>	 <b>8,540,147</b>
Facilities fee	3,373,932	3,373,932
Depreciation and amortization	367,882	88,045
Audit and accounting	420,000	400,000
Repairs and maintenance ( office)	114,482	0
Telecommunications	41,254	1,705
Printing, Stationery and supplies	491,098	487,328
Insurance premiums	1,607,949	1,596,350
Professional and consulting fees	383,600	748,681
Other administrative expenses	788,099	428,917
Unrecoverable gct	1,635,333	1,415,189
 <b>MARKETING AND PROMOTION</b>	 <b>540,812</b>	 <b>292,891</b>
Publicity and Promotion	290,812	110,442
Education grant	250,000	182,449
 <b>REPRESENTATION AND AFFILIATION</b>	 <b>3,784,169</b>	 <b>3,474,574</b>
League and other dues (JCCUL)	1,925,691	1,709,574
Seminars and meetings	243,000	183,083
Annual general meetings	1,597,000	1,560,108
Miscellaneous	18,478	21,809
 <b>TOTAL OPERATING EXPENSES</b>	 <b><u>29,427,701</u></b>	 <b><u>27,425,684</u></b>



**STATEMENT VI.22**

**GRACE CO-OPERATIVE CREDIT UNION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2010**

**26. RESTATEMENT OF NET SURPLUS:**

The net surplus have been restated as a result of the treatment of Members Voluntary Share Capital which is no longer regarded as equity but is now being treated as a liability to comply with the International Financial Reporting Standard (IFRS). Payments to members as returns on Voluntary Share Capital are being classified as interest expense and presented as a charge in the financial statements. (IAS 32).

	<b><u>2009</u></b>
	<b><u>\$</u></b>
(a) Non- Interest Bearing Liabilities:	
Interest payable on voluntary shares (Initial)	6,362,732
Interest on voluntary shares	<u>18,459,128</u>
Net restated figure	<u>24,821,860</u>
(b) Undistributed Surplus	
Surplus (Initial)	19,830,372
Interest expenses	<u>18,459,128</u>
Net restated figure	<u>1,371,244</u>
(c) Statement of Comprehensive Income	
Interest Expense:-	
Interest on savings deposit (Initial)	3,720,789
Dividend now classified as interest	<u>18,459,128</u>
Net restated figure	<u>22,179,917</u>
(d) Cash Flow Statement	
(1) Surplus:-	
Surplus for the year - Initial	22,557,630
Dividend now classified as interest	18,459,128
Honoraria now transferred to income statement	<u>55,000</u>
Net restated figure	<u>4,043,502</u>
(11) Payables (Initial)	417,954
Dividend now classified as interest	<u>18,459,128</u>
Net restated figure	<u>18,877,082</u>



## APPROPRIATION OF SURPLUS

Recommendation		2010
	\$	\$
Surplus December 31, 2010		3,742,945
Less: Statutory Reserve 20% of Surplus		<u>748,589</u>
		2,994,356
Add: Accrued Interest on Voluntary Shares		12,008,831
Add: Undistributed Surplus 1st January 2010		<u>1,316,244</u>
<b>Available for Distribution</b>		<b>16,319,431</b>
Interest on Voluntary Shares @ 8.5%	15,556,125	
Honoraria	<u>55,000</u>	<u>15,611,125</u>
<b>Undistributed Surplus Carried Forward</b>		<b><u>708,306</u></b>

## FIXING OF MAXIMUM LIABILITY

BE IT RESOLVED THAT Article XVI Rule 72 be amended to read:

The Board of Directors may incur a liability in Voluntary Shares, deposits and/or loans from any source on such terms of payment and/or security as they think fit; provided that the total liability shall not exceed a ratio of twelve (12) times the Credit Union's Capital and provided that the members in the Annual General Meeting by resolution have fixed the maximum liability that the Board of Directors may incur.

For and on behalf of the Board of Directors:

**Janette Taylor**  
TREASURER



For a really healthy Snack





Grace Co-operative Credit Union Limited

# STAFF

Hope Mowatt  
*General Manager*



Saneth Morgan  
*Senior Loan Officer*



Susanna Thomas  
*Accountant*



Tessia McDonald  
*Loan Officer*



Nesta Jackson  
*Loan Officer*



Felleshia Francis  
*Accounting Clerk*



Shauna Isaacs  
*Accounting Officer*





**REPORT OF THE RECRUITMENT &  
EDUCATION/MARKETING COMMITTEE  
FOR YEAR ENDED 31<sup>ST</sup> DECEMBER 2010**

Our Credit Union values the support of our members and as good corporate citizens we endeavour to in return give our support to our valued stakeholders. In 2010, we again offered our Annual Education Assistance Program. Children of our members are eligible for this grant and so members are encouraged to motivate their charges to work hard, maintain good grades and to apply for this grant. The funds are available to assist with school fees, books and uniforms.

The grants are available for students who

- are entering high school for the first time after having sat the GSAT examinations
- are in high school and will be sitting the CSEC or GCE exams in the following year or
- are entering a tertiary institution for the first time.

Candidates are chosen based on their high academic performance, extra-curricular activity and general behaviour. This is assessed based on their school reports. The available amount for disbursement was \$250,000.00.

Of the fifteen applicants considered, the successful awardees were as follows:

NAME OF CHILD	PARENT
<b>• Category: GSAT</b>	
Brittanie Bell	Eric Mardner
Georgeann Henry	Angella Grandison-Reid
Adrian Russell	Rayon Russell
Spencer Logan	June Satchell-Logan
Jauntae' Williamson	Aughter Williamson

#### NAME OF CHILD

#### PARENT

##### • Category: Tertiary

Matthew Clayton	Franceta Clayton
Andre Anderson	Albert Anderson
Jodie- Kaye Wiggins	Marlene Wiggins

#### The Committee comprised:

Lurline Cummings	– Member
Beverley Wright	– Supervisory Committee Member
Hope Mowatt	– General Manager

The awards function was held on Wednesday September 15, 2010 and chaired by President Gilroy Graham. In his stimulating address he congratulated the recipients on their achievements and encouraged them to strive for excellence in all areas of their lives. They were reminded that their individual performances drive the team performance and are therefore the bedrock on which overall excellence is attained.

We look forward to assisting our future constituents and thank their parents for the opportunity to be a part of their growth. Our thanks are extended also to the Board of Directors and other volunteers for their continued support and guidance.

**Hope Mowatt (Miss)**  
Chairperson



Grace Co-operative Credit Union Limited

## **REPORT OF THE CREDIT COMMITTEE FOR YEAR ENDED 31<sup>ST</sup> DECEMBER 2010**



Marsha Cope-Johnson

Colin Atkinson

Sophia Gordon-Dennis  
Chairperson

Sidney Johnson

Marcia Dinnall-Douglas

At December 2010, the Credit Union had loans on its book valued at approximately \$237 million. This represented an increase in the loan portfolio by \$10.66 million or 5% over that as at December 2009.

Total loans disbursed for the year under review amounted to \$221.8 million, \$50.6 million or 30% more than the previous year. The number of loans

disbursed totaled 2244 and was 146 or 7% more than that disbursed in 2009.

It is to be noted that total loans disbursed of \$221.8M includes total converted loans of \$158.4M. The latter represents loans that have been re-financed and hence are not new disbursements.



**Chart 1**

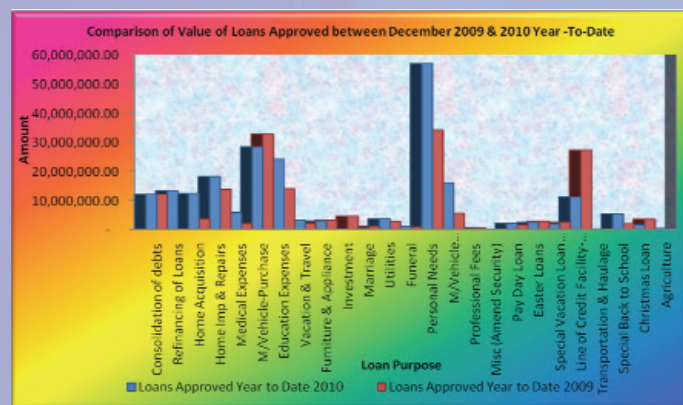
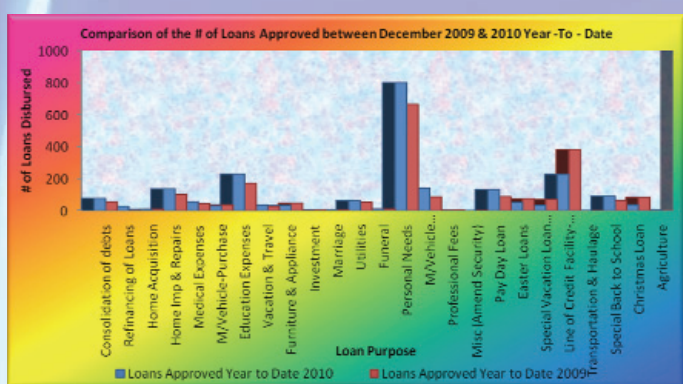


Chart 1 above shows that loans for personal needs topped the loan demand at \$57 million compared to \$34.1 million last year, followed by loans for motor vehicle purchases at \$28.3 million compared to \$32.8 million in 2009. Loans for educational purposes followed at \$24.1 million in comparison to \$14 million in the previous year.

**Chart 2**



As illustrated in chart 2, in 2010 there was a strong demand for loans for personal needs which led to the disbursement of 801 loans compared to 666 last year. 229 loans were disbursed for educational purposes in 2010 compared to 173 disbursed in 2009. Although 228 loans were disbursed for Line of Credit draw downs, there was a reduction of 156 loans in comparison to the previous year.

The notable increases were:

Loan Purpose	% \$ Increase	% # change
Home Acquisition	250%	-10%
Medical Expenses	196%	24%
M/Vehicle Repairs/Mtnc. Ins	189%	62%
Special Back to School	180%	46%
Education Expenses	72%	32%
Personal Needs	67%	20%

There were significant declines in the following areas:

Loan Purpose	% \$ Increase	% # change
Investment	-100%	-75%
Professional Fees	-100%	-100%
Marriage	-72%	-17%
Line of Credit Facility-Draw Downs	-59%	-41%
Christmas Loan	-51%	-55%

The environment remained very challenging in 2010 as members were challenged financially. The unstable job market saw persons consolidating rather than taking on new obligations. Some of the strategies undertaken by the Credit Union to combat this included:

- revision of interest rates
- revision of product offerings
- member education

As the environment in which the Credit Union operates continues to change, the management has been exploring new and creative products and services to provide solutions to assist its members.

Moving into 2011 which promises more challenges, and concomitantly more opportunities, we thank the management and staff for their contribution and their co-operation in ensuring the continued growth and relevance of our Credit Union.

**Sophia Dennis**  
Chairperson



## **REPORT OF THE SUPERVISORY COMMITTEE FOR YEAR ENDED 31<sup>ST</sup> DECEMBER 2010**



During the year, our Committee met to examine the affairs of the Credit Union and performed follow-up reviews on the audit issues reported by the Credit Union League.

Members of the Supervisory Committee were:-

Mr. Eric Mardner – *Chairman*  
Mrs. Lorna Reynolds-Minott – *Secretary*  
Miss Beverley Wright  
Messrs: Leighton Grant  
Aden Whittaker

The Jamaica Co-operative Credit Union League Ltd (the Credit Union League) was contracted to review the areas outlined below:

1. Disbursement
2. Bank Reconciliation
3. Compliance with
  - The Co-operative Society Act & Regulations
  - The Rules of Jamaica Co-operative Credit Union League
  - Insurance & Pension Payments
  - Proceeds of Crime Act

We are satisfied that the Board of Directors, Officers and Staff members handled the affairs of the credit Union properly, provided us and the League with the information we required and dealt promptly with the queries and the recommendations made by the Committee and the Credit Union League.

We wish to sincerely thank the Manager and the members of staff of the Credit Union for their co-operation during the year in enabling us to carry out our task.

I would also like to express my thanks to the members of this Committee for the work done and to thank the membership, on behalf of the Committee, for the privilege of serving during the year.

**Eric Mardner**  
*Chairman*

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## **DELEGATES' REPORT ON THE 69<sup>TH</sup> ANNUAL GENERAL MEETING OF THE JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE LTD.**

The JCCUL's 69th Annual General Meeting & National Strategic Planning Sessions were held from May 19-22, 2010 at the Wyndham Rose Hall Resort and Spa in Montego Bay, St. James. The theme for the session was "Managing the Challenges, Grasping the Opportunities." Over 300 persons attended the 4-day event.

### **STRATEGIC PLANNING**

Three representatives: one from the World Council of Credit Unions (WOCCU) and two from the Texas League of Credit Unions were the facilitators. The participants, five from each institution, were drawn from the Board and Management of credit unions. About one hundred & fifty persons attended. After two days of discussions the Facilitators left the island armed with a dirge of information to complete a report that would be sent back to the League.

The annual Credit Union banquet and awards ceremony got under way on Friday evening. The guest speaker was Mr. Danville Walker, Commissioner of Customs. Mr. Christopher Samuda, Past President of the League and Mrs. Marjorie Hyatt, HRD & Administration Manager chaired the function.

### **AWARDS**

Several Credit Unions were presented with awards for achievements in 2009. Seventeen (17) Credit Unions received awards for 50+ years of Member service. They are as follows:

GSB CCU	- 64
Westmoreland CCU	- 63

PWD CCU	- 62
Church of the First Born CCU	- 60
Broadcast & Allied CCU	- 58
D & G Employees CCU	- 58
ICD & Associates CCU	- 57
Palisadoes CCU	- 57
Jamaica Police CCU	- 56
UWI (Mona) & Comm. CCU	- 56
JPS & Partners CCU	- 54
Nestle CCU	- 53
Correctional Services- CCU	- 52
JTA CCU	- 51
Postal CCU	- 51
AAMM CCU	- 50
CG CCU	- 50

### **CREDIT UNION OF THE YEAR AWARDS 2009**

Awards for achievements in 2009 were presented to the following credit unions:

1. The O.J. Thorbourne Award for the unions with over \$2 billion in assets (formerly Mega Credit Union award) went to First Regional Co-operative Credit Union and the runner-up Jamaica Police Co-operative Credit Union.
2. The Renford Douglas Award for Credit Unions with assets of between \$1billion and \$2 billion (formerly Large Credit Union Award) went to AAMM Co-operative Credit Union and the runner-up Palisadoes Co-operative Credit Union.



3. The Paul Thompson Award for Credit Unions with assets greater than \$300m- \$1 billion (formerly medium-sized Credit Union Award) went to NCB Employees Co-operative Credit Union and the runner-up JDF Co-operative Credit Union.
4. The John Peter Sullivan Award for Credit Unions with assets of \$300m or less (formerly small Credit Union Award) went to Petroleum Industry Employees Co-operative Credit Union and the runner-up BJ Staff Co-operative Credit Union.

## SECTIONAL AWARDS

Other awards were presented as follows:

- Highest Asset Growth - JDF Co-operative Credit Union
- Most Improved Net Assets Ratio- Kirkvine Co-operative Credit Union.
- Parish Credit Union with the Highest Return on Assets –Portland Co-operative Credit Union
- Parish Credit Union with the Highest Loan Growth-St. Elizabeth Co-operative Credit Union
- Most Outstanding Parish Credit Union –First Regional Co-operative Credit Union

## ANNUAL GENERAL MEETING

The annual general meeting on Saturday, May 22 began at 9:00am. Parliamentary rules were observed. It was the final year of Presidency for President Yvonne Ridguard. She summarised the Board Report in a 20-minute power point presentation. She highlighted the achievements of the Credit Union Movement in 2009, pinpointing the areas of gain and noting the areas for improvement.

Following her presentation Treasurer Ian McNaughton took the delegates through the Treasurer's Report. Both sessions generated much discussion.

## DISTRIBUTION OF SURPLUS

The League's surplus was distributed as follows:

	Millions (\$)
Capitalized Dividend (20%) on Permanent Shares	14.51
Cash interest of (15%) on Voluntary Shares	18.40
Honoraria	2.26
Emergency Fund	2.64
CODEFCO	1.32
Gifts & Charities	1.32
Milestone Events	1.32
Institutional Capital	125.37
<b>Total</b>	<b>167.14</b>

## FIXING OF MAXIMUM LIABILITY

The League's maximum liability was moved to J\$12 billion.

## RESOLUTIONS

The meeting examined a resolution to amend Rule 9(1) pertaining to share capital and liability. The AGM was seeking to increase to one million, eight hundred and twenty-five thousand, and fifty dollars (\$1,825,050) the minimum share holding in the League.

The amended rule now reads:

"The share capital of the League shall be unlimited, divided into shares of the par value of one dollar (\$1.00) each; PROVIDED that every member society shall subscribe to at least one million eight hundred and fifty dollars



(\$1,825,050) such shares within such time as may be agreed with the Board and provided that the League in general meeting may, as the business of the League requires from time to time, increase the minimum shares that a member society shall hold."

## CONDOLENCE RESOLUTIONS

Condolence resolution was passed for the late

- Louis Veira who served as Chairman of the Supervisory Committee of the NWC Co-operative Credit Union from 1980-2000 when he made his transition.
- Alethia Whyte who served on the Supervisory Committee at the JTA Co-operative Credit Union from May 2002 until she made her transition on June 12, 2009.
- Mobray Campbell who was a member of the Supervisory Committee at the JTA Co-operative Credit Union from September 1989 to April 2001 and a dedicated member for over 33 years until she made her transition on June 11, 2009.

The League was asked to send the resolution letters to the credit unions and their families.

## NEW BOARD MEMBERS

The following persons were duly elected for a term of three years:

**Mr. George Murray** – *St. Elizabeth CCU Ltd.*  
**Mr. Patrick Haywood** – *First Regional CCU Ltd.*  
**Rev. Dr. Paul Gardner** – *Manchester CCU Ltd.*  
**Mr. Barrington Whyte** – *C&WJ CCU Ltd.*  
**Snr. Supt. Wray Palmer** – *Ja. Police CCU Ltd.*  
**Cpt. Clifton Lumsden** – *JDF CCU Ltd.*  
**Mr. Wilburn Pottinger** – *Marine & Allied CCU Ltd.*

Persons elected for a one-year term were as follows:

**Mr. Talbert Golding** – *Trelawny CCU Ltd.*  
**Mr. Karl Salmon** – *Westmoreland CCU Ltd.*

The Executive for the year 2010-2011 is as follows:

**Mr. Johnathan Brown** – *President*  
**Mr. Derrick Tulloch** – *1st Vice President*  
**Ms. Carol Anglin** – *2nd Vice President*  
**Mr. Ian McNaughton** – *Treasurer*  
**Ms. Fay Davis** – *Asst. Treasurer*  
**Mr. Clinton Pickering** – *Secretary*  
**Dr. Dorothy Raymond** – *Asst. Secretary*  
**Ms. Yvonne Ridguard** – *Imm. Past President*

## SUPERVISORY COMMITTEE

The following persons were nominated to serve on this committee for one year:

**Ms. Jacqueline Peart**  
**Ms. Lewin Baxter**  
**Mrs. Joyce West-Johnson**  
**Mr. Isaac Gordon**  
**Ms. Sonia Campbell**

The following directors demitted office:

**Mr. Christopher Samuda** – *Director*  
**Mrs. Natalie Sparks** – *Director*  
**Mr. Anthony Young** – *Treasurer*  
**Mr. Keith Dwyer** – *Director*

The Chairman specially acknowledge Director Hector Dietrich who was one of the longest serving Directors.

**Hope Mowatt**



## **REPORT OF THE NOMINATING COMMITTEE TO THE 42<sup>ND</sup> ANNUAL GENERAL MEETING**

In accordance with Article 11 Rule #63 (i) the Board of Directors of Grace Co-operative Credit Union Limited appointed a Nominating Committee which comprised the following persons:

Mr. Christopher Bond : *Chairman*

Mrs. Naomi Holness : *Secretary*

Ms. Hope Mowatt

The Status of the volunteers was as follows:

### **BOARD OF DIRECTORS**

#### **Retiring**

Mr. Christopher Bond

Mrs. Paula Barclay

Miss Janette Taylor

Mr. Joseph Taffe

Mrs. Sandra Barnett

Mr. Andrew Levy

#### **Recommended**

Mr. Christopher Bond

Ms. Catherine Kennedy

Mr. Eric Mardner

Mr. Joseph Taffe

Mrs. Sandra Barnett

Mr. Andrew Levy

#### **Term**

2 years

2 years

2 years

2 years

2 years

2 years

#### **Not Retiring**

Mr. Gilroy Graham

Mr. Jerry Hamilton

Mrs. Karen Walker

#### **Unexpired Term**

1 year

1 year

1 year

### **CREDIT COMMITTEE**

#### **Retiring**

Mrs. Sydoney Johnson

Mrs. Marcia Dinnall-Douglas

Mr. Colin Atkinson

#### **Recommended**

Mr. Leighton Grant

Mrs. Marcia Dinnall-Douglas

Mr. Colin Atkinson

#### **Term**

2 years

2 years

2 years

#### **Not Retiring**

Mrs. Marsha Cope- Johnson

Mrs. Sophia Gordon – Dennis

#### **Unexpired Term**

1 year

1 year



## **SUPERVISORY COMMITTEE**

### **Retiring**

Mr. Eric Mardner

Mrs. Lorna Reynolds- Minott

Ms. Beverley Wright

Mr. Leighton Grant

Mr. Aden Whittaker

### **Recommended**

Ms. Troy Marie McDonald

Mrs. Lorna Reynolds-Minott

Miss Beverley Wright

Mrs. Jean Grant

Mr. Aden Whittaker

### **Term**

1 year

1 year

1 year

1 year

1 year

## **DELEGATES TO THE LEAGUE AND OTHER SOCIETIES**

### **DELEGATES**

President

General Manager

### **ALTERNATES**

Treasurer

Secretary

Naomi Holness (Mrs.)  
*Secretary*



## THE NEW NOMINEES



### **Catherine Kennedy**

Ms. Kennedy joined Allied Insurance as a Business Support Officer in June 2007 and having worked in various positions within the GraceKennedy Group, she currently holds the position of Strategy and Governance Manager. She holds a BSc in Business Administration- Management from Webber International University in Florida and a Bi-Lingual MBA from IESE Business School, University of Navarra in Spain.

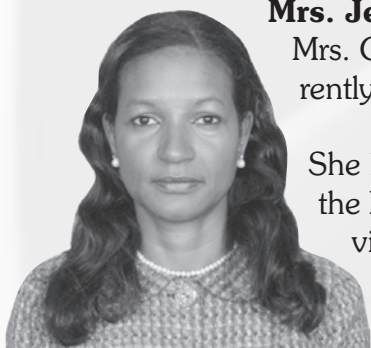
She is also a Director of the Luis Fred Kennedy Environmental Foundation, Treasurer of the Jamaica Chamber of Commerce, tutors Spanish at the Learning Institute of Central Kingston and is fully bi-lingual in English and Spanish. She enjoys reading, horseback riding, swimming and travelling.

### **Troy-Marie McDonald**

Ms. McDonald has been employed to GraceKennedy Remittance Services Ltd since 1990 and is currently the Business Support Operations Manager. She holds a BSc Degree in Management Studies from the Northern Caribbean University of the West Indies and has participated in numerous workshops including the Grace Kennedy's Executive Development Program.

She is a graduate of St. Catherine High School and enjoys reading, writing and sporting activities.

### **Mrs. Jean Grant**



Mrs. Grant has been employed to GraceKennedy Limited since 2001 and is currently the Business Processes & Compliance Officer for the Gk Foods Division.

She has significant experience in Human Resources Management, having been the HR Officer and Group HRIS Administrator with the company. She was previously employed to Jamaica Broilers Group Limited as the Human Resource Manager and Corporate Resource Centre Administrator.

Our member holds a Bachelor of Science Degree in Management Studies from the University of Technology and a Diploma in Management Studies from the Jamaican Institute of Management.

She is a proud graduate of St. Mary High School.



## ***CONTACT PERSONS LIST***

### **COMPANY**

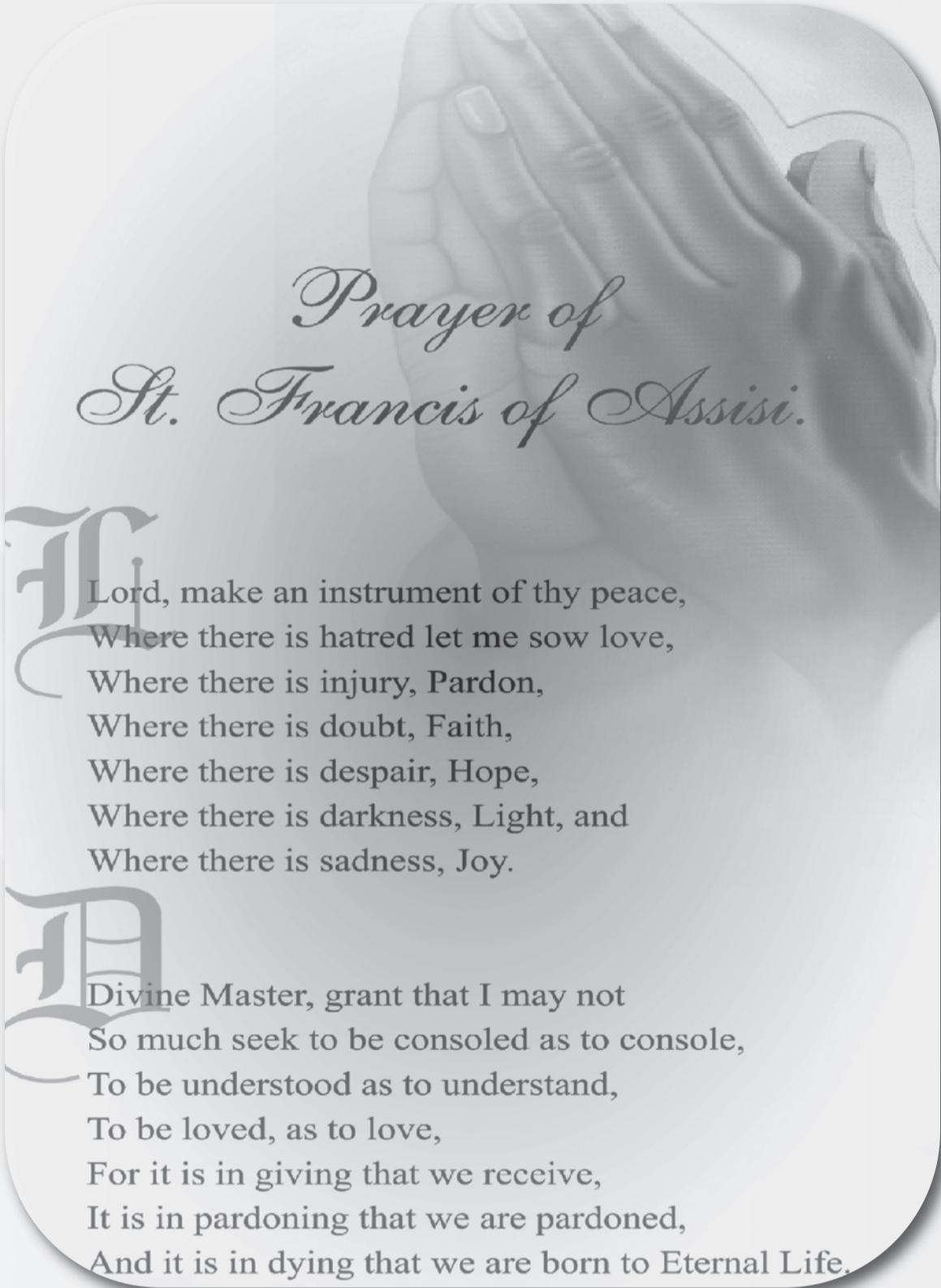
ALLIED INSURANCE BROKERS LIMITED  
APM TERMINAL (JA) LIMITED  
CARIB STAR SHIPPING  
CMA CGM (JAMAICA) LIMITED (INTERNSHIP)  
DAIRY INDUSTRIES (JA) LIMITED  
FIRST GLOBAL BANK  
FIRST GLOBAL FINANCIAL SERVICES  
GFP CANNING  
GFP MEAT  
GRACE EXPORT TRADING  
GATEWAY SHIPPING INT'L  
GRACE KENNEDY INVESTMENTS  
GRACEKENNEDY REMITANCE SERVICES  
HARBOUR COLD STORAGE  
HARDWARE & LUMBER  
HI-LO FOOD STORES LTD  
JA INT'L INSURANCE CO LTD  
KINGSTON WHARVES LIMITED  
NATIONAL PROCESSORS LTD  
WORLD BRANDS LTD  
CORPORATE AFFAIRS  
CORPORATE FINANCE & ACCOUNTS  
CORPORATE H R DEPT  
CUSTOMER SERVICE / CREDIT  
FACILITIES MANAGEMENT  
GK FOODS BUSINESS SYSTEMS DEPT  
GK FOODS H R DEPT  
GRACE & STAFF COMMUNITY DEV  
GROUP SECRETARIAT  
INTERNAL AUDIT  
SALES/MERCHANDISE

### **NAME**

MS. HORTENSIA HILL  
MR. COLIN MCHAYLE  
MS. DELORITA DEAN  
MS. DOREEN ROWE  
MS. CAROL MITCHELL  
MS. CAVEL SMITH  
MS. CAVEL SMITH  
MS. JULIAN MARAGH  
MRS. CHRISTINE DAVIDSON  
MRS PATRICIA MEGHOO-OBERLI  
MS. HOPE ATKINSON  
MS. COLEEN HENRY  
MRS. CHARMAINE HYMAN-BROWN  
MS. WINSOME SMITH  
MS. NOVELETTE HARRIS  
MS NICKEISHA VERMONT  
MRS TRACIE-ANN VIRGO  
MR LUDLOW MCBEAN  
MR KANHAI MOWATT  
MS JACQUELINE HALL  
MS. DIONNE RHODEN  
MRS. JACQUELINE TOYLOY  
MRS. LORRAINE BLAIR-BAKER  
MRS. COVENETTE BROWN  
MRS SHAWN THOMPSON-POWELL  
MRS. PETA-GAY DUNN-COORE  
MRS WAYNETTE CAMPBELL  
MS TAMEICA LEWIS  
MRS. LAVERN LLEWELLYN  
MRS CAMELLE RICKETTS- MOORE  
MS ANDREAN MANNING



*~ NOTES ~*



*Prayer of  
St. Francis of Assisi.*

**L**ord, make an instrument of thy peace,  
Where there is hatred let me sow love,  
Where there is injury, Pardon,  
Where there is doubt, Faith,  
Where there is despair, Hope,  
Where there is darkness, Light, and  
Where there is sadness, Joy.

**D**ivine Master, grant that I may not  
So much seek to be consoled as to console,  
To be understood as to understand,  
To be loved, as to love,  
For it is in giving that we receive,  
It is in pardoning that we are pardoned,  
And it is in dying that we are born to Eternal Life.

# PRODUCTS AND SERVICES OFFERED BY




GRACE CO-OP CREDIT LTD.



The Golden Harvest Savings Plan is an insured long-term saving product at a competitive interest rate. This is designed to assist our members to achieve their financial goals.

You may be asking yourself 'Save, out of what?' but "*one one cocoa full basket*".

With the Fixed Deposit, you can invest as low as \$25,000 for a minimum of one (1) month at our competitive interest rate and have investment rolled over at maturity to enjoy the benefit of compounding interest income.

The **Partner Plan** operates similar to the regular/traditional partner with specified periods, at the end of which  earn a bonus and you don't have to pay the banker.

The infamous *Family Indemnity Plan (FIP)* is an insurance (death benefit) plan offered to members and their families for premiums as low as \$422.40 per plan and coverage of up to \$400,000 per individual.

Health insurance offered by Medecus with monthly premium ranging from

\$2,077.70 — \$8,917.80.

QUALITY SINCE 1922

Grace

instant cup  
**SOUP**

instant cup  
**RICE**



READY IN  
**5**  
MINUTES

READY IN  
**10**  
MINUTES



***FAST AND FLAVOURFUL***  
***...JUST ADD BOILING WATER OR MICROWAVE!***

***GRACE INSTANT  
SOUP COMES IN 3  
TRADITIONAL  
JAMAICAN FLAVOURS:  
PEPPER POT SOUP,  
RED PEAS SOUP AND  
MANNISH WATER***



***GRACE INSTANT  
RICE COMES IN 3  
TASTY FLAVOURS:  
SPINACH RICE,  
CHEESE RICE AND  
SEASONED RICE***