HLB BELIZE
AUDIT TAX ADVISORY

# ST. MARTIN'S CREDIT UNION LIMITED

Financial Statements for the Years Ended March 31, 2024 and 2023 and Independent Auditors' Report

## ST. MARTIN'S CREDIT UNION LIMITED

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**INDEPENDENT AUDITORS' REPORT**

**To the Board of Directors and Members of:**
**St. Martin's Credit Union Limited**

**Opinion**

We have audited the financial statements of St. Martin's Credit Union Limited which comprise the statement of financial position as at March 31, 2024 and the statement of profit and other comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of St. Martin's Credit Union Limited as at March 31, 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

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

**Other Matter**

The financial statements for the year ended March 31, 2023 were audited by another auditor who expressed an unqualified opinion on May 18, 2023.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

HLB, Belize, LLP

**Chartered Accountants**
**Belize City, Belize**
**May 27, 2024**

## ST. MARTIN'S CREDIT UNION LIMITED

STATEMENTS OF FINANCIAL POSITION
**AS AT MARCH 31, 2024 AND 2023 (IN BELIZE DOLLARS)**

| | Notes | 2024 | 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 2g. 2h. 4. | **$ 7,599,273** | $ 8,766,138 |
| Debt instruments | 2g. 5. | **4,677,514** | 3,708,361 |
| Equity instruments | 2g. 6. | **8,270** | 48,270 |
| Members' loans receivable | 2g. 7. | **25,155,654** | 23,280,781 |
| Less: expected credit loss on members' loans receivable | 2g. 7. | **(1,199,896)** | (844,438) |
| Other receivables | 2g. 2i. 8. | **169,419** | 305,374 |
| Prepayments | 2j. | **69,088** | 62,216 |
| Property and equipment | 2k. 2m. 9. | **2,439,539** | 2,574,300 |
| Intangible assets | 2l. 2m. 10. | **234,493** | - |
| Total assets | | **39,153,354** | 37,901,002 |
| **LIABILITIES** | | | |
| Members' deposits | 2g. 11. | **4,012,729** | 4,136,587 |
| Accounts payable and accruals | 2g. 12. | **546,484** | 384,683 |
| Funeral benefit plan | 13. | **858,756** | 778,828 |
| Severance payable | 2n. 14. | **67,256** | 56,256 |
| Total liabilities | | **5,485,225** | 5,356,354 |
| **NET ASSETS** | | **$ 33,668,129** | $ 32,544,648 |
| **MEMBERS' EQUITY** | | | |
| Shares - non-mandatory | 2o. | **$ 26,538,223** | $ 25,199,280 |
| Shares - mandatory | 2o. | **541,400** | 523,350 |
| Revaluation reserves | 2k. 21. | **1,545,917** | 1,545,917 |
| Guaranty fund | 2p. | **4,245,255** | 4,226,291 |
| Education fund | 2q. | **30,156** | - |
| Development fund | 2r. | **23,579** | 31,379 |
| Undistributed surplus | | **743,599** | 1,018,431 |
| **TOTAL MEMBERS' EQUITY** | | **$ 33,668,129** | $ 32,544,648 |

The financial statements on pages 3 to 7 were approved and authorized for issue by the Board of Directors on May 27, 2024 and are signed on its behalf by:

**Director** **Director**

The notes on pages 8 to 33 form an integral part of these financial statements.

## ST. MARTIN'S CREDIT UNION LIMITED

STATEMENTS OF PROFIT AND OTHER COMPREHENSIVE INCOME
**FOR THE YEARS ENDED MARCH 31, 2024 AND 2023 (IN BELIZE DOLLARS)**

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | 2s. | | |
| **NET REVENUES** | 15. | **$ 2,679,190** | $ 2,532,983 |
| Net remeasurement expected credit loss - members' loans receivable | 7. | **(355,458)** | (351,784) |
| General and administration expense | 18. | **(2,098,763)** | (1,823,207) |
| Fee and commission income | 17. | **293,980** | 301,083 |
| Other operating income | 16. | **84,172** | 99,441 |
| **PROFIT FOR THE YEAR** | | **603,121** | 758,516 |
| Other comprehensive income | | **-** | - |
| **TOTAL COMPREHENSIVE INCOME** | | **$ 603,121** | $ 758,516 |

The notes on pages 8 to 33 form an integral part of these financial statements.

**ST MARTIN'S CREDIT UNION LIMITED**

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

**FOR THE YEARS ENDED MARCH 31, 2024 AND 2023 (IN BELIZE DOLLARS)**

| | Guaranty fund | Education fund | Development fund | Revaluation reserve | Shares - Mandatory | Shares - Non-Mandatory | Undistributed surplus | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance as at April 1, 2023** | $ 4,226,291 | $ - | $ 31,379 | $ 1,545,917 | $ 523,350 | $ 25,199,280 | $ 1,018,431 | $ 32,544,648 |
| Profit for the year | - | - | - | - | - | - | 603,121 | 603,121 |
| Net change in shares | - | - | - | - | 18,050 | 1,338,943 | - | 1,356,993 |
| Additional transfers | 18,964 | - | - | - | - | - | (18,964) | - |
| Expenditures from development fund | - | - | (13,831) | - | - | - | - | (13,831) |
| Transfer to education fund | - | 30,156 | - | - | - | - | (30,156) | - |
| Transfer to development fund | - | - | 6,031 | - | - | - | (6,031) | - |
| Dividends paid | - | - | - | - | - | - | (822,802) | (822,802) |
| **Balance as at March 31, 2024** | **$ 4,245,255** | **$ 30,156** | **$ 23,579** | **$ 1,545,917** | **$ 541,400** | **$ 26,538,223** | **$ 743,599** | **$ 33,668,129** |

| | Guaranty fund | Education fund | Development fund | Revaluation reserve | Shares - Mandatory | Shares - Non-Mandatory | Undistributed surplus | Total |
|---|---|---|---|---|---|---|---|---|
| **Balance as at April 1, 2022** | $ 4,150,299 | $ 24,636 | $ 37,467 | $ 1,545,917 | $ 514,150 | $ 24,061,918 | $ 1,086,217 | $ 31,420,604 |
| Profit for the year | - | - | - | - | - | - | 758,516 | 758,516 |
| Transfer from shares - members | - | - | - | - | - | - | 4,841 | 4,841 |
| Net change in shares | - | - | - | - | 9,200 | 1,137,362 | - | 1,146,562 |
| Transfer from investments | - | - | - | - | - | - | 15,959 | 15,959 |
| Prior period adjustments | - | - | - | - | - | - | 253,826 | 253,826 |
| Expenditures from education funds | - | (62,562) | - | - | - | - | 62,562 | - |
| Expenditures from development fund | - | - | (13,673) | - | - | - | 12,673 | (1,000) |
| Transfer to guaranty fund - entrance fee | 141 | - | - | - | - | - | (141) | - |
| Transfer to guaranty fund | 75,851 | - | - | - | - | - | (306,235) | (230,384) |
| Transfer to education fund | - | 37,926 | - | - | - | - | (48,242) | (10,316) |
| Transfer to development fund | - | - | 7,585 | - | - | - | (16,794) | (9,209) |
| Dividends paid | - | - | - | - | - | - | (804,751) | (804,751) |
| **Balance as at March 31, 2023** | **$ 4,226,291** | **$ -** | **$ 31,379** | **$ 1,545,917** | **$ 523,350** | **$ 25,199,280** | **$ 1,018,431** | **$ 32,544,648** |

The notes on pages 8 to 33 form an integral part of these financial statements.

## ST. MARTIN'S CREDIT UNION LIMITED

STATEMENTS OF CASH FLOWS

**FOR THE YEARS ENDED MARCH 31, 2024 AND 2023 (IN BELIZE DOLLARS)**

| | 2024 | 2023 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Profit for the year | **$ 603,121** | $ 758,516 |
| Adjustments for items not affecting operating cash: | | |
| Depreciation and amortization expense | **179,914** | 117,348 |
| Prior year adjustment | **-** | 23,717 |
| Remeasurement expected credit loss | **355,458** | 351,784 |
| Loan write offs | **-** | (168,004) |
| Severance expense | **11,000** | 13,000 |
| Operating profit before working capital changes | **1,149,493** | 1,096,361 |
| Changes in: | | |
| Members loans receivable | **(1,874,873)** | (3,287,852) |
| Other receivables | **135,955** | (75,048) |
| Prepayments | **(6,872)** | (42,632) |
| Members' deposits | **(123,858)** | 1,274,143 |
| Accounts payable and accruals | **161,801** | 66,837 |
| Funeral benefit plan | **79,928** | 76,600 |
| Net cash used in operating activities | **(478,426)** | (891,591) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Acquisition of debt instruments | **(969,153)** | (298,684) |
| Disposal of equity instruments | **45,000** | - |
| Acquisition of equity instruments | **(5,000)** | - |
| Purchase of intangible assets | **(213,614)** | - |
| Purchase of property and equipment | **(66,032)** | (148,630) |
| Net cash used in investing activities | **(1,208,799)** | (447,314) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Mandatory shares | **18,050** | 9,200 |
| Non-mandatory shares | **1,338,943** | 1,137,362 |
| Payments from development fund | **(13,831)** | - |
| Dividends paid | **(822,802)** | (804,751) |
| Net cash provided by financing activities | **520,360** | 341,811 |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | **(1,166,865)** | (997,094) |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR** | **8,766,138** | 9,763,232 |
| **CASH AND CASH EQUIVALENTS, END OF THE YEAR** | **$ 7,599,273** | $ 8,766,138 |

The notes on pages 8 to 33 form an integral part of these financial statements.

## 1. GENERAL INFORMATION

St. Martin's Credit Union Limited (the "Credit Union") was incorporated in 1949 under the Credit Union Act. The Credit Union is currently governed by the Credit Unions Act Chapter 314 Revised Edition 2020. It's main objective is to promote savings, enterprise, and the cooperative principle among its members to pool members' financial resources and to provide personal and corporate banking, loans, and investments.

The Credit Union operates from its principal office situated at Corner Eve and Church Street, San Ignacio Town, Cayo District.

As at March, 31 2024, the Credit Union had 10,828 members (2023:10,467).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

The financial statements have also been prepared in accordance with the Credit Unions Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2020 except for the following as it relates the revenue recognition:

- Interest income from loans to members are recognized on an accrual basis contrary to treatment prescribed in Section 47 (12) of the Credit Union Act which indicates that unpaid interest on loans shall not be included in interest income.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of non-current financial instruments and properties. The principal accounting policies are set out below.

c. Functional and presentation currency

The financial statements are presented in Belize dollars, which is the Credit Union’s functional currency.

d. Foreign currency transactions and translations

Transactions in foreign currencies during the period are converted into Belize dollars at the rates ruling on the dates of the transactions. Foreign currency balances outstanding at the reporting date are translated at the rates ruling on that date. Gains or losses on ordinary foreign exchange transactions are included in statement of profit and other comprehensive income.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Significant accounting judgments and estimates

**Use of estimates and judgments:**

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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ materially from those estimates.

**Going concern:**

The financial statements are prepared on a going concern basis, as management is satisfied the Credit Union has adequate resources to continue as a going concern for the foreseeable future. In making this assessment management has considered a wide range of information including profitability projections, regulatory requirements, and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, liquidity, and sustainability of the Credit Union.

f. Change in accounting policies

The accounting policies adopted are consistent with those used in the previous financial statements, in addition, commencing April 1, 2023, the following are now effective.

**Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)**

Effective for annual reporting periods beginning on or after 1 January 2023.

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

The amendment was adopted, but has no current impact on the financial statements.

**Definition of Accounting Estimates (Amendments to IAS 8)**

Effective for annual reporting periods beginning on or after 1 January 2023.

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The amendment was adopted, but has no current impact on the financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

f. Change in accounting policies (Continued)

***Standards and amendments issued but not yet effective***

*The amendments and interpretations that are issued, but not yet effective, up to the reporting date of financial statements are disclosed below.*

**Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)**
Effective for annual reporting periods beginning on or after 1 January 2024.

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendment will be adopted when it becomes effective. Its effects, if any, will be quantified at that time.

**Non-current Liabilities with Covenants (Amendments to IAS 1)**
Effective for annual reporting periods beginning on or after 1 January 2024.

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

**IFRS 18 Presentation and Disclosures in Financial Statements**
Effective for annual reporting periods beginning on or after 1 January 2027.

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.

The standard will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

g. Financial instruments

***Recognition and initial measurement***

The Credit Union initially recognizes loans and advances, deposits and debt securities issued on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Credit Union becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Financial instruments (Continued)

***Classification***

*Financial asset*

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect its contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely for payments of principal and interest (SPPI).

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Credit Union may irrevocably elect to present subsequent changes in fair value in Other comprehensive income (OCI). This election is made on an investment-by-investment basis.

The Credit Union's financial assets by category is listed in note 23.

*Financial liabilities*

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Credit Union designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. The Credit Union classifies its financial liabilities as other financial liabilities at amortised cost.

The Credit Union's financial liabilities that fall into this category listed in note 23.

*Business model assessment*

The Credit Union makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

g. Financial instruments (Continued)

*Business model assessment (Continued)*

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Credit Union's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Credit Union's stated objective for managing the financial assets is achieved and how cash flows are realized.

The Credit Union's investments comprises primarily loans to members that are held for collecting contractual cash flows. In the retail business the loans comprise mortgages, overdrafts, and unsecured personal lending facilities. Sales of loans from these portfolios are very rare.

Certain debt securities are held by the Credit Union for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Credit Union considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.

*Assessment of whether contractual cash flows are SPPI*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Credit Union considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Credit Union considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Credit Union's claim to cash flows from specified assets and
- features that modify consideration of the time value of money.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Financial instruments (Continued)

*Reclassification of financial assets*

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Credit Union changes its business model for managing financial assets.

***Derecognition***

*Derecognition of financial assets*

The Credit Union derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Credit Union neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

*Derecognition of financial liabilities*

The Credit Union derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

***Modifications of financial assets and financial liabilities***

*Modification of financial assets*

If the terms of a financial asset are modified, then the Credit Union evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Credit Union plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

g. Financial instruments (Continued)

*Modification of financial assets (Continued)*

This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Credit Union first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

*Modification of financial liabilities*

The Credit Union derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification.

Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Credit Union currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

g. Financial instruments (Continued)

***Impairment of financial assets***

When assessing impairment on debt instruments, such as government treasury notes, management primarily considers third party information such as external ratings and comparable sales.

*ECL Calculation methodology*

The Credit Union employs the probability of default approach in estimating its expected credit losses (ECL).

This approach uses the exposure at default (EAD), probability of default (PD) along with probability of attrition (PA), and loss given default (LGD) to determine the estimated credit losses. Probability of attrition (PA) is added to the PD to provide a competing risk approach for accurate long-range forecasting.

- Default - means that scheduled repayment, which includes principal and/or interest, of any facility is due and remains unpaid for 90 days or more.
- Exposure at Default (EAD) – is the predicted amount of loss the Credit Union may incur in the event of, and at the time of, the borrower's default.
- Probability of Default (PD) – is the likelihood, as a percentage of the total exposure, that the borrower will not be able to make scheduled payments over a 12-month period.
- Probability of Attrition/Pay-off (PA) – is the likelihood, expressed as a percentage of the total exposure, that the borrower will pay-off the facility before its maturity date.
- Loss Given Default (LGD) – is the percentage of the amount at risk that would be lost if default is certain.

*ECL Model Credit Impairment*

Expected credit losses are either measured over 12 months or the expected lifetime of the financial asset, depending on credit deterioration since origination, according to the following three-stage approach:

**Stage 1**

For financial assets initially recognised and which continue to perform in accordance with contractual terms and condition, an allowance equivalent to 12 months ECL is recognised. Stage 1 financial assets also include facilities for which the credit risk has improved and has been reclassified from stage 2.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Financial instruments (Continued)

*ECL Model Credit Impairment (Continued)*

**Stage 2**

For financial assets exhibiting significant increase in credit risk since origination, a lifetime ECL is recognised. If loan has fully matured, ECL is loan outstanding balance. Stage 2 financial assets also include facilities for which the credit risk has improved and has been reclassified from stage 3.

**Stage 3**

Where financial assets present objective evidence of impairment, a lifetime ECL is recognised.

Write-off:

Loans and the related loan loss reserve are written off, either partially or in full, when there is no realistic prospect of recovery. Write-offs are reduced by recoveries on property secured on the loan.

Recoveries of amounts previously written off are recognized when cash is received and are included in ‘impairment losses on financial instruments’ in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Credit Union’s procedures for recovery of amounts due.

h. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term, highly liquid investments with original maturities of 90 days or less.

i. Other receivables

Other receivable comprises of interest receivable from member loans, and miscellaneous receivables from employees and members.

j. Prepayments

Prepayments represent costs paid in advance of their intended use or coverage. Prepayments are expensed in the period the service is received.

k. Property and equipment

Property and equipment are carried at cost and valuation; and except for land, are depreciated down to their estimated residual values on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Buildings and improvements | 40 years |
| Motor vehicle | 5 years |
| Office and IT equipment | 5 years |
| Furniture, fixtures and equipment | 5 and 10 years |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Property and equipment (Continued)

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing items and restoring the site on which they are located. The cost of software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Maintenance, repairs and renewals are charged against revenue in the year the expenditure is incurred; major renewals and improvements are capitalized.

An item of property and equipment and any significant part recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and other comprehensive income when the asset is derecognized.

Assets held under revaluation model

Assets held under the revaluation model are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

The cost and accumulated depreciation accounts are restated proportionately with the revaluation. Any increase arising on the revaluation of such asset is recognised as a transfer in equity under the heading of revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit and loss, in which case the increase is credited to profit and loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such asset is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to undistributed surplus except when an asset is derecognised.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

l. Intangible assets

Intangible assets for the Credit Union comprise of purchased software for their in-house system and the ATM. All intangible assets in the Credit Union have a finite life, meaning it has a limited period of benefit to the entity. After initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. If there is an indication that the asset may be impaired, an impairment test is performed by comparing the asset's carrying amount to its recoverable amount. The recoverable amount is the higher of the asset's value in use or fair value less costs of disposal.

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the for software systems is 15 years.

m. Impairment of non-financial asset

The Credit Union assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

An impairment loss is recognised immediately in statement of income and expenses, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

n. Severance payable

Severance obligations are recognized at the point of not being able to withdraw from provision of the benefit to qualifying employees. The Company recognizes these obligations in accordance with the Labor Act (the Act), Chapter 297 of the Substantive Laws of Belize Revised Edition 2020.

The Credit Union also recognises termination benefits for contract employees who are unionized and have over five years continuous employment based on the Credit Union policies.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

o. Members' shares

As per the Credit Unions Act, members' shares in the Credit Union represent members' capital and are presented as mandatory and non-mandatory shares. Non-mandatory shares are any shares deposited beyond the $50 minimum share required to obtain membership in the Credit Union.

Mandatory shares are $50 per member and are the minimum shares required for a person to be a member of the Credit Union.

Non-mandatory shares are additional shares held by members of the Credit Union. These can be withdrawn at any time and may be used as collateral for loans by members.

p. Guaranty Fund

The Guaranty Fund is a reserve mandated by the Credit Union Act where at least 10% of the yearly net earnings of the Credit Union is to be accumulated until it reaches 10% of total assets and should not be used for any other purpose except upon liquidation of the Credit Union. The Guaranty Fund cannot be distributed to members.

q. Education Fund

The Education Fund was established by the Board of Directors. Under the Credit Union Act, the Board of Directors may, after making provision for the reserve fund and declaring a dividend, set aside an amount not exceeding 5% of the net earnings to be used for educational purposes as the Board may determine. The fund is to be used for educational purposes as the Board may determine and cannot be distributed to members.

r. Development Fund

The Development fund was established by the Board of Directors. The purpose of the Fund is to finance any development that the Credit Union deems necessary with approval from the Board; per the by-laws of the Credit Union, the amount transferred should not exceed 1% of the net earnings.The fund is to be used for capital development purposes as the Board may determine and cannot be distributed to members.

s. Income and expense recognition

*Interest:*

Interest income on loans receivable is recognized in the statement of profit or loss and other comprehensive income at the time of collection and adjusted at year end under the accrual basis. Interest income on term deposit investments is recorded using the effective interest rate method.

*Service charge fees:*

Loan application/processing and review fees on loans have been recognized as income when received. These fees are non-refundable. They are fully earned by the Credit Union at the outset on the loan application and at the time of review.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. Income and expense recognition (Continued)
Expenses are recognized when incurred. Interest on term deposits and personal checking accounts are paid quarterly and monthly, respectively. Interest on term deposits may be paid quarterly or monthly. The interest rates paid on member accounts are determined by the Board of Directors.

## 3. FINANCIAL RISK MANAGEMENT

By its nature the Credit Union's activities are principally related to the use of financial instruments. The Credit Union accepts cash as deposits and purchase of shares from members and seeks to earn above average interest margins by investing these funds in high quality assets. The Credit Union seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher interest rates whilst maintaining sufficient liquidity to meet all claims that may fall due.

The Credit Union is also exposed to fraud risks, market risks, cash flow risks, and interest rate risks. The Credit Union's risk management program seeks to minimize potential adverse effects on the overall financial performance. Risk management is executed through policies approved by the Board of Directors and are executed by management who identify and evaluate risks and establish procedures to minimize risks.

Credit risk:
The Credit Union takes on exposure to credit risk which is the risk that a counterpart will be unable to pay amounts in full when due. Management structures its credit risk by placing limits on the amount of credit extended in relation to one borrower or group. This is monitored on a revolving basis and subject to annual review. These limits are also regulated by the Credit Union Act.

The Credit Union's risk management policies are designed to achieve a balance between risk and return and minimize potential adverse effects of its' financial performance. The Credit Union therefore identifies and analyses these risks, designs internal controls to set appropriate limits, and to monitor these limits through reliable and up to date information systems and reports.

Exposure to credit risk is managed through regular analysis of the borrowers ability to repay, current exposure to individual members and the likelihood of default and the recovery ratio on any defaulted obligation. Exposure is also managed in part by obtaining marketable collateral, personal guarantees and authority for salary deductions for instalment payments.

*Amounts arising from ECL*
For Inputs, assumptions and techniques used for estimating impairment see policy Note 2g.

## 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

*Significant increase in credit risk*
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Credit Union considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis; based on the Credit Union's historical experience, expert credit assessment and forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing the remaining lifetime Probability of default (PD) as at reporting date with the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure.

Credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Credit Union's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgement and relevant historical experiences.

*Default*
For definition of default see policy Note 2g.

*Modified financial assets*
The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, member retention and other factors not related to a current or potential credit deterioration of the member. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan in accordance with recognition policies set forth in Note 2g.

When the terms of a financial asset are modified and the modification does not result in recognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of the remaining lifetime PD at the reporting date based on the modified terms with the remaining lifetime PD estimated based on data on initial recognition and the original contractual term.

*Loss Allowance*
The following tables shows the reconciliation from the opening to the closing balance of the loss allowance by type of financial instrument.

**3. FINANCIAL RISK MANAGEMENT (CONTINUED)**

| | **2024** Loans receivable at amortised cost | 2023 Loans receivable at amortised cost |
|---|---|---|
| Balance, beginning of the year | **$ 844,438** | 660,657 |
| Net remeasurement of loss allowance | **355,458** | 351,784 |
| Write-off | **-** | (168,003) |
| Balance, end of the year | **$ 1,199,896** | $ 844,438 |

The following table show details of ECL by Stages as at the reporting date

| | **2024** | 2023 |
|---|---|---|
| Loan portfolio | **$ 25,155,654** | $ 23,280,781 |
| Stage 1 | **54,798** | 45,998 |
| Stage 2 | **39,277** | 61,504 |
| Stage 3 | **1,105,821** | 736,936 |
| Total | **$ 1,199,896** | $ 844,438 |
| Rate | **4.77%** | 3.63% |

Market risk/interest rate risk:
The Credit Union is exposed to market risk, which is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in the market prices. Market risk for the Credit Union arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Credit Union's Board of Directors sets limits on the amount of risk that may be accepted, which is monitored on a daily basis and reviewed by the Board monthly.

The Credit Union takes on interest rate risk in that it pays interest on deposits and that fluctuations in interest rates may affect its capacity to on-lend at competitive rates.

The Credit Union manages this risk by maintaining an adequate interest rate spread between interest paid and interest received.

Liquidity risk:
Liquidity risk is the risk that the Credit Union is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

The Credit Union manages this risk by closely monitoring member payments, setting credit limits and by obtaining credit facilities from other sources to ensure cash availability. The Credit Union also maintains highly liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

**3. FINANCIAL RISK MANAGEMENT (CONTINUED)**

Liquidity risk (Continued)
Fraud risk:
The Credit Union is exposed to fraud risks from members as well as employees. The Credit Union seeks to minimize these risks by internal controls, authorizations for payments, checks and balances as well as requiring valid identification documents.

**4. CASH AND CASH EQUIVALENTS**

| | 2024 | 2023 |
|---|---|---|
| Cash on hand | $ 3,812,346 | $ 481,886 |
| Cash at bank | 3,786,927 | 8,284,252 |
| | $ 7,599,273 | $ 8,766,138 |

**5. DEBT INSTRUMENTS**

| Investments consist of the following: | 2024 | 2023 |
|---|---|---|
| Central Bank of Belize treasury notes | $ 919,000 | $ 994,000 |
| Belize Bank Limited term deposits | 1,875,431 | 1,855,945 |
| St. John's Credit Union Limited term deposits | 365,583 | 358,416 |
| Spanish Lookout Credit Union Limited term deposits | 517,500 | 500,000 |
| Belize City Council Municipal Bonds | 1,000,000 | - |
| | $ 4,677,514 | $ 3,708,361 |

| The maturity distribution of debt instruments is as follows: | 2024 | 2023 |
|---|---|---|
| Less than 1 year | 2,758,514 | 2,714,361 |
| More than 1 year | 1,919,000 | 994,000 |
| | $ 4,677,514 | $ 3,708,361 |

Belize Bank Limited Term Deposits

| Maturity | Interest | 2024 | 2023 |
|---|---|---|---|
| 27-Aug-24 | 1.05% | $ 88,800 | $ - |
| 26-Aug-24 | 1.05% | 88,800 | - |
| 11-Sep-24 | 1.05% | 56,390 | - |
| 01-Jul-24 | 1.05% | 89,416 | - |
| 13-Mar-25 | 1.05% | 96,352 | - |
| 13-Mar-25 | 1.05% | 102,858 | - |
| 13-Mar-25 | 1.05% | 102,858 | - |
| 13-Mar-25 | 1.05% | 72,410 | - |
| 13-Mar-25 | 1.05% | 102,858 | - |
| 13-Mar-25 | 1.05% | 72,410 | - |
| 13-Mar-25 | 1.05% | 197,117 | - |

Continued on the following page

**5. DEBT INSTRUMENTS (CONTINUED)**

| Belize Bank Limited Term Deposits | | **2024** | 2023 |
|---|---|---|---|
| 13-Mar-25 | 1.05% | **72,410** | - |
| 13-Mar-25 | 1.05% | **102,858** | - |
| 13-Mar-25 | 1.05% | **96,352** | - |
| 13-Mar-25 | 1.05% | **88,420** | - |
| 13-Mar-25 | 1.05% | **94,619** | - |
| 13-Mar-25 | 1.05% | **107,183** | - |
| 29-Jan-25 | 1.05% | **97,775** | - |
| 14-Feb-25 | 1.05% | **145,545** | - |
| 12-Sep-23 | 1.05% | **-** | 55,804 |
| 27-Aug-23 | 1.05% | **-** | 87,877 |
| 27-Aug-23 | 1.05% | **-** | 87,877 |
| 02-Jul-23 | 1.05% | **-** | 88,487 |
| 13-Mar-24 | 1.05% | **-** | 195,069 |
| 13-Mar-24 | 1.05% | **-** | 106,069 |
| 13-Mar-24 | 1.05% | **-** | 101,790 |
| 13-Mar-24 | 1.05% | **-** | 101,790 |
| 13-Mar-24 | 1.05% | **-** | 101,790 |
| 13-Mar-24 | 1.05% | **-** | 101,790 |
| 13-Mar-24 | 1.05% | **-** | 95,351 |
| 13-Mar-24 | 1.05% | **-** | 95,351 |
| 13-Mar-24 | 1.05% | **-** | 93,636 |
| 13-Mar-24 | 1.05% | **-** | 87,502 |
| 13-Mar-24 | 1.05% | **-** | 71,657 |
| 13-Mar-24 | 1.05% | **-** | 71,657 |
| 13-Mar-24 | 1.05% | **-** | 71,657 |
| 15-Feb-24 | 1.05% | **-** | 144,033 |
| 30-Jan-24 | 1.05% | **-** | 96,758 |
| | | **$ 1,875,431** | $ 1,855,945 |

**Details of investments by institution**

| Central Bank of Belize Treasury Notes | | **2024** | 2023 |
|---|---|---|---|
| **Maturity** | **Interest** | | |
| 10-Dec-23 | 3.00% | **$ -** | $ 75,000 |
| 03-Apr-25 | 4.50% | **459,000** | 459,000 |
| 03-Apr-30 | 5.25% | **460,000** | 460,000 |
| | | **$ 919,000** | $ 994,000 |

## 5. DEBT INSTRUMENTS (CONTINUED)

St. John's Credit Union Limited Term Deposits

| Maturity | Interest | 2024 | 2023 |
|---|---|---|---|
| 30-Mar-24 | 2.00% | **$ 121,861** | $ 119,472 |
| 30-Mar-24 | 2.00% | **121,861** | 119,472 |
| 30-Mar-24 | 2.00% | **121,861** | 119,472 |
| | | **$ 365,583** | $ 358,416 |

Spanish Lookout Credit Union Limited Term Deposits

| Maturity | Interest | 2024 | 2023 |
|---|---|---|---|
| 29-Dec-24 | 3.50% | **$ 517,500** | $ - |
| 30-Dec-23 | 3.50% | **-** | 500,000 |
| | | **$ 517,500** | $ 500,000 |

Belize City Council Municipal Bonds

| Maturity | Interest | 2024 | 2023 |
|---|---|---|---|
| 01-Apr-25 | 4.50% | **$ 400,000** | $ - |
| 01-Apr-26 | 5.50% | **600,000** | - |
| | | **$ 1,000,000** | $ - |

## 6. EQUITY INSTRUMENTS

| | 2024 | 2023 |
|---|---|---|
| 5 shares at $1,000 (2023: 45 shares at $1,000) par value of redeemable preference shares of the Belize Credit Union League Limited at annual interest rates of 5% and 6%. | **$ 5,000** | $ 45,000 |
| 655 shares at $5 par value in Belize Credit Union Assurance Services Limited (BCUA). | **3,270** | 3,270 |
| | **$ 8,270** | $ 48,270 |

## 7. LOANS RECEIVABLE

| | 2024 | 2023 |
|---|---|---|
| Total loans receivable - gross | **$ 25,155,654** | $ 23,280,781 |
| Less: allowance for loan losses | **(1,199,896)** | (844,438) |
| | **$ 23,955,758** | $ 22,436,343 |

| The movements in the loan loss provision for the year as follows: | 2024 | 2023 |
|---|---|---|
| Balance, beginning of year | **$ 844,438** | $ 660,657 |
| Remeasurement of allowance | **355,458** | 351,784 |
| Write offs - net of collections | **-** | (168,003) |
| Balance, end of year | **$ 1,199,896** | $ 844,438 |

The Credit Union complies with the Credit Unions Act (CUA) Requirement No. 2 of 2013 with regards to the provision for loan losses as stipulated by the Central Bank of Belize. The amount of this provision is $1,136,899 (2023: $844,837). The Credit Union also calculates the provision for loan losses in accordance with IFRS 9, Expected Credit Losses (ECL) model. The Credit Union ECL model estimates the provision for loan losses at $1,230,571 (2023: $864,593).

Collateral is held on loans in order to minimize the Credit Union's exposure to credit risk. Collateral includes lands, buildings, and equipment.

The maturity distribution of loans receivable is as follows:

| | 2024 | 2023 |
|---|---|---|
| Less than 1 year | **$ 239,491** | $ - |
| 1-3 years | **6,785,256** | 13,854,879 |
| More than 3 years | **18,130,907** | 9,425,902 |
| | **$ 25,155,654** | $ 23,280,781 |

| | 2024 | 2023 |
|---|---|---|
| Total value of loans which do not have collateral held by the Credit Union | **$ 9,520,678** | $ 13,854,879 |
| Percentage of loan portfolio of loans which do not have collateral | **37.85%** | 59.51% |

## 8. OTHER RECEIVABLES

| | 2024 | 2023 |
|---|---|---|
| Accrued Interest receivable | **$ 143,850** | $ 127,280 |
| Other receivables - Ameya | **-** | 161,444 |
| Other receivables | **24,749** | 16,650 |
| Employee receivable | **820** | - |
| | **$ 169,419** | $ 305,374 |

## 9. PROPERTY AND EQUIPMENT

| | Land | Buildings and improvements | Motor vehicles | Office and IT equipment | Furniture, fixtures and equipment | Total |
|---|---|---|---|---|---|---|
| **Cost (c), Valuation (v)** | (v) | (v) | (c) | (c) | (c) | |
| Brought forward, April 1, 2023 | $ 650,000 | $ 1,660,568 | $ 134,160 | $ 323,286 | $ 467,765 | $ 3,235,779 |
| Additions | - | 5,179 | - | - | 60,853 | 66,032 |
| Transfers | - | - | - | (68,483) | - | (68,483) |
| Carried forward, March 31, 2024 | 650,000 | 1,665,747 | 134,160 | 254,803 | 528,618 | 3,233,328 |
| **Accumulated Depreciation** | | | | | | |
| Brought forward, April 1, 2023 | - | 91,392 | 134,160 | 246,742 | 189,185 | 661,479 |
| Additions | - | 42,191 | - | 21,609 | 88,357 | 152,157 |
| Transfers | - | - | - | (19,847) | - | (19,847) |
| Carried forward, March 31, 2024 | - | 133,583 | 134,160.000 | 248,504 | 277,542 | 793,789 |
| **Net Book Value at March 31, 2024** | **$ 650,000** | **$ 1,532,164** | **$ -** | **$ 6,299** | **$ 251,076** | **$ 2,439,539** |

During the financial year ended March 31, 2021, SMCUL had an independent qualified appraiser value land and building, revaluation surpluses and loss were incurred. See also Note 2k. and 21.

## 9. PROPERTY AND EQUIPMENT (CONTINUED)

| | Land | Buildings and improvements | Motor vehicles | Office and IT equipment | Furniture, fixtures and equipment | Total |
|---|---|---|---|---|---|---|
| **Cost (c), Valuation (v)** | (v) | (v) | (c) | (c) | (c) | |
| Brought forward, April 1, 2022 | $ 650,000 | $ 1,599,116 | $ 134,160 | $ 301,902 | $ 401,971 | $ 3,087,149 |
| Additions | - | 61,452 | - | 21,384 | 65,794 | 148,630 |
| Carried forward, March 31, 2023 | 650,000 | 1,660,568 | 134,160 | 323,286 | 467,765 | 3,235,779 |
| **Accumulated Depreciation** | | | | | | |
| Brought forward, April 1, 2022 | - | 49,953 | 133,483 | 222,275 | 138,420 | 544,131 |
| Additions | - | 41,439 | 677 | 24,467 | 50,765 | 117,348 |
| Carried forward, March 31, 2023 | - | 91,392 | 134,160 | 246,742 | 189,185 | 661,479 |
| **Net Book Value at March 31, 2023** | **$ 650,000** | **$ 1,569,176** | **$ -** | **$ 76,544** | **$ 278,580** | **$ 2,574,300** |

During the financial year ended March 31, 2021, SMCUL had an independent qualified appraiser value land and building, revaluation surpluses and loss were incurred. See also Note 2k. and 21.

## ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
**FOR THE YEARS ENDED MARCH 31, 2024 AND 2023 (IN BELIZE DOLLARS)**

### 10. INTANGIBLE ASSETS

| | 2024 | 2023 |
|---|---|---|
| Balance at the beginning of the year | **$ 87,894** | $ 87,894 |
| Additions | **213,614** | - |
| Transfers | **68,483** | - |
| Balance at the end of the year | **369,991** | 87,894 |
| **Accumulated amortization** | | |
| Balance at the beginning of the year | **87,894** | 87,894 |
| Additions | **27,757** | - |
| Transfers | **19,847** | - |
| Balance at the end of the year | **135,498** | 87,894 |
| **Net Book Value** | **$ 234,493** | $ - |

### 11. MEMBERS' DEPOSITS

| | 2024 | 2023 |
|---|---|---|
| Regular deposits | **$ 3,179,713** | $ 3,488,183 |
| Term deposits | **833,016** | 648,404 |
| | **$ 4,012,729** | $ 4,136,587 |
| The maturity distribution of loans receivable is as follows: | | |
| Less than 1 year | **$ 3,179,713** | $ 3,488,183 |
| 1-3 years | **833,016** | 648,404 |
| | **$ 4,012,729** | $ 4,136,587 |

### 12. ACCOUNTS PAYABLE AND ACCRUALS

| | 2024 | 2023 |
|---|---|---|
| Accounts payable | **$ 137,167** | $ 254,724 |
| Payroll processing | **58,229** | 1,245 |
| Other payable | **209,059** | 61,493 |
| ATM payable | **142,029** | 67,221 |
| | **$ 546,484** | $ 384,683 |

### 13. FUNERAL BENEFIT PLAN

The Credit Union initiated a Funeral Benefit Plan for members of the Credit Union whereby members make a yearly contribution of $24 every October. To qualify, account holder's must maintain a minimum account balance of $200 and must not be over 70 years old. Beneficiaries are given a one time funeral benefit of $4,000 or $2,000 dependent on the account holder's age. Exclusion to the benefit do apply with regards to the cause of death. At the Annual General Meeting held on the May 29, 2015, a resolution was approved by the general membership to automatically enroll all qualifying members to the Credit Union's Funeral Benefit Plan.

## 13. FUNERAL BENEFIT PLAN (CONTINUED)

The Credit Union's Funeral Benefit Plan has been assessed in June 2021 by actuary Hernando Perez Montas and has ascertained the adequacy of the terms of the plan.

| | 2024 | 2023 |
|---|---|---|
| Balance at the beginning of the year | **$ 778,828** | $ 702,228 |
| Plus: Increase for year | **126,360** | 138,768 |
| Less: Claims paid | **(46,432)** | (62,168) |
| Balance at the end of the year | **$ 858,756** | $ 778,828 |

## 14. SEVERANCE PAYABLE

| | 2024 | 2023 |
|---|---|---|
| Balance at the beginning of the year | **$ 56,256** | $ 43,256 |
| Additions during the year | **11,000** | 13,000 |
| Payments during the year | **-** | - |
| Balance at the end of the year | **67,256** | 56,256 |
| Less: current portion | **(4,000)** | (10,000) |
| Severance payable | **$ 63,256** | $ 46,256 |

## 15. NET REVENUES

| Interest income: | 2024 | 2023 |
|---|---|---|
| Interest income on loans | **$ 2,567,655** | $ 2,455,148 |
| Interest Income - investments | **118,451** | 81,799 |
| | **$ 2,686,106** | $ 2,536,947 |
| Interest expense: | | |
| Members' deposits | **$ 6,916** | $ 3,964 |
| Net revenues | **$ 2,679,190** | $ 2,532,983 |

## 16. OTHER OPERATING INCOME

| | 2024 | 2023 |
|---|---|---|
| ATM fees | **$ 2,441** | $ 1,299 |
| Dividends | **25,728** | 18,641 |
| Book and cover sales | **4,533** | 4,346 |
| Commission income | **516** | 722 |
| Recoveries | **29,208** | 53,823 |
| Other income | **21,746** | 20,610 |
| | **$ 84,172** | $ 99,441 |

## ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
**FOR THE YEARS ENDED MARCH 31, 2024 AND 2023 (IN BELIZE DOLLARS)**

### 17. SERVICE CHARGE FEES

| | 2024 | 2023 |
|---|---|---|
| Service charge | **$ 282,712** | $ 291,738 |
| Late fee service charge | **11,268** | 9,345 |
| | **$ 293,980** | $ 301,083 |

### 18. GENERAL AND ADMINISTRATIVE EXPENSE

| | 2024 | 2023 |
|---|---|---|
| Annual general meeting expenses | **$ 31,998** | $ 32,707 |
| ATM expenses | **16,653** | 18,933 |
| Advertising and promotion | **61,162** | 51,767 |
| BCUA insurance | **235,151** | 219,153 |
| Belize rural finance expense | **1,110** | 5,788 |
| Committee and cafeteria expense | **72,278** | 53,283 |
| Compliance expense | **14,792** | 7,338 |
| Computer network | **107,181** | 63,055 |
| Conference and credit union week | **11,340** | 12,464 |
| Depreciation and amortisation | **179,914** | 117,348 |
| Donations | **7,700** | 6,150 |
| Insurance expense | **40,858** | 36,354 |
| Interest and bank charges | **48,734** | 45,173 |
| Internal audit expense | **4,684** | 18,941 |
| License fee | **1,950** | 1,000 |
| Office expense | **40,014** | 29,075 |
| Other allowances | **53,281** | 54,332 |
| Other expenses | **1,002** | - |
| Postage | **850** | 865 |
| Professional fees | **41,252** | 41,321 |
| Property tax | **1,168** | 1,228 |
| Repairs & maintenance | **16,739** | 17,375 |
| Salaries & wages | **738,677** | 687,858 |
| Scholarship | **15,973** | 9,066 |
| Security expense | **70,084** | 70,462 |
| Severance expense | **11,000** | 13,000 |
| Social security expense | **38,010** | 35,314 |
| Staff benefits | **94,550** | 65,610 |
| Stationaries and supplies | **40,679** | 27,389 |
| Training | **9,784** | 3,148 |
| Travel and subsistence | **1,432** | 1,460 |
| Utilities | **72,003** | 66,389 |
| Vehicle expense | **16,760** | 9,861 |
| | **$ 2,098,763** | $ 1,823,207 |

## 19. KEY MANAGEMENT COMPENSATION

Key management compensation is inclusive of salaries and allowances paid to senior and junior management.

| | **2024** | 2023 |
|---|---|---|
| Key management compensation | **$ 315,359** | $ 304,365 |

## 20. RELATED PARTY TRANSACTIONS

The Board of Directors and management have loan balances with the Credit Union which are included in the loans receivable balance on the statement of Financial position. These loans total the following as of the year end:

| Assets held at year-end with related parties | **2024** | 2023 |
|---|---|---|
| *Officers' loans receivable* | **$ 403,024** | $ 305,367 |
| *Employees' loans receivable* | **365,647** | 387,733 |
| | **$ 768,671** | $ 693,100 |
| Liabilities held at year-end with related parties | | |
| *Officers' deposits and shares* | **$ 262,113** | $ 233,517 |
| Transactions with related parties throughout the year are as follows: | | |
| *Officers' allowances paid* | **$ 30,305** | $ 27,993 |

## 21. REVALUATION RESERVE

An appraisal of land and building held was done during the financial year ended March 31, 2021, by an independent appraiser, Rolando Villas. The resulting increase in the carrying amount of the land and building was reflected in a revaluation reserve and losses were recognized in the statement of profit or loss and other comprehensive income.

## 22. TAXATION

As a credit union licensed under the Credit Union Act, the Credit Union is exempted from taxes on profits, gains, interest and dividends earned.

General Sales Tax of 12.5% is a tax on consumer spending that is collected at the point of sale of a business' good or service. The Credit Union pays General Sales Tax as a regular consumer.

## 23. FINANCIAL INSTRUMENTS

Note 2g provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

| **Financial assets:** | **Amortized Cost** | |
|---|---|---|
| | **2024** | 2023 |
| Cash and cash equivalents | **$ 7,599,273** | $ 8,766,138 |
| Debt instruments | **4,677,514** | 3,708,361 |
| Members' loans receivable- net | **23,955,758** | 22,436,343 |
| Other receivables | **169,419** | 305,374 |
| Total financial asset | **$ 36,401,964** | $ 35,216,216 |

| **Financial liabilities:** | **Amortized Cost** | |
|---|---|---|
| | **2024** | 2023 |
| Members’ deposits | **$ 4,012,729** | $ 4,136,587 |
| Accounts payable | **488,255** | 383,438 |
| Total financial liabilities | **$ 4,500,984** | $ 4,520,025 |

## 24. COMMITMENTS AND CONTINGENCIES

As of March 31, 2024, member loans approved but not yet disbursed totaled $319,229 (2023: nil).

The Credit Union is subject to various litigation and claims arising in the normal course of operations. Based on current knowledge and communication with legal counsel, the Credit Union is of the view that the final outcome of the matters which existed at March 31, 2024 would not have a material adverse effect on the Credit Union’s financial position.

## 25. EVENTS AFTER THE REPORTING PERIOD

There were no adjusting or significant non-adjusting events that occurred between the March 31, 2024 reporting date and the date of authorization for issuance.