Legacy & Stability...

invest in a solid organisation

TBLA

125th ANNIVERSARY

1891-2016

2015 ANNUAL REPORT

Board of Directors

Mr. Terrence Boswell Venus
President

Ms. Bliss Seepersad
Vice President

Mr. John B.C. Martin
Director

Mr. Percy Farrell
Director

Ms. Joanne Prosper
Director

Ms. Leslie Clarke
Director

Mr. Stephen Alum Poon
Director

Ms. Jo-Anne Julien
Director / Ex-Officio Counsel

Mr. Leslie Nelson
Secretary

Vision Statement

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

Mission Statement

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

Contents

Customer Care

At TBLA, we care about the total customer experience you receive.
We provide personalized attention and quick processing times when conducting business.
Visit the TBLA for the service you deserve.

http://www.tblamortgages.com

Notice of Meeting

125th ANNUAL MEETING

Notice is hereby given that the One Hundred and Twenty Fifth Annual Meeting of The Trinidad Building and Loan Association will be held at Radisson Hotel Trinidad, T&T North Room, Wrightson Road, Port-of-Spain on **Friday 15th April, 2016 at 4:00 p.m.** for the following purposes:-

Namely:

1. To receive and consider the Financial Statements and the General Statement of the Affairs of the Association under the Building Societies Act, Ch.33:04 for the year ended December 31, 2015 and the reports of the Directors and Auditors thereon.

2. To elect Directors.

3. To elect a President and Vice-President.

4. To appoint auditors for the ensuring year at a fee to be fixed by the Board.

5. To transact such other ordinary business of the Association as may directly arise out of the consideration of the Annual Report.

Mr. Terence Boswell Inniss and Ms. Bliss Seepersad - directors who retire by rotation under Rule 4.2, being eligible, offer themselves for re-election. No other nominations have been received for the posts of Directors.

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

The Association's 2015 Annual Report can be collected at the Association's office or downloaded online from the Association's website at www.tblamortgages.com.

BY ORDER OF THE BOARD

Leslie Nelson
SECRETARY

Corporate Information

Directors	Yr. of Appt		Yr. of Election
Mr. Terence Boswell Inniss - President	June	1992	2012
Ms. Bliss Seepersad - Vice President	September	2008	2013
Mr. J.B.C. Martin C.A., F.C.A.	June	1974	2014
Ms. Jo-Anne Julien – Counsel	July	2001	(Ex-Officio)
Mr. Percy Farrell	February	1996	2014
Mr. Leslie Clarke	September	2013	2014
Ms. Joanne Prosper	April	2011	2015
Mr. Stephen Allum-Poon	July	2014	2015

CHIEF EXECUTIVE OFFICER/ SECRETARY
Mr. Leslie Nelson FCMA, CA, MBA, FLMI

REGISTERED OFFICE
The Trinidad Building and Loan Association
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Port-of-Spain
Trinidad and Tobago, W.I.
Phone: (868) 623-1501/ 4 Fax: (868) 627-0675
Website: info@tblamortgages.com
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Phone (868) 628-9255

ATTORNEYS-AT-LAW
Wheeler & Co.
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Port-of-Spain
Trinidad & Tobago, W.I.
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Maurice Valere
2nd floor, 37 Abercromby Street,
Port-of-Spain
Trinidad & Tobago, W.I.
Phone: (868) 625-1339

BANKERS
RBC Royal Bank Limited
Independence Square
Port of Spain
Trinidad & Tobago, W.I.
Phone (868) 625-7288

AUDITORS
PKF
90 Edward Street
Port of Spain
Trinidad & Tobago, W.I.
Phone: (868) 624-4569

Directors' Report

Your Directors have the honour to present to their Annual Report as well as the Financial Statements and Report of the Auditors for the year 2015.

Revenue and Appropriation Account

		2015		2014
		$		$
Revenue		4,743,797		4,971,876
Expenditure		3,238,237		3,412,556
Operating Surplus for the year		1,505,560		1,559,320
Impairment of investment income		-		-
Net Surplus for the year		1,505,560		1 ,559,320
Appropriation to Dividend		(444,788)		(467,584)
The following dividends were declared:				
Interim dividends of 2.5% at 30th June (2014: 3.00%)	(267,537)		(253,188)	
Final dividends of 2.5% at 31st December (2014:3.5%)	(303,188)		(334,861)	
		(570,725)		(588,049)
Balance After Appropriation and Dividends		490,047		503,687
To which was added the balance of Revenue to/Reserve brought forward		23,204,582		22,740,259
Transfer from Dividend Reserve		(19,857)		(39,364)
Borrowers' paid up shares adjustment		-		-
Retained Earnings carried forward		23,674,772		23,204,582

Directors' Report *(Cont'd)*

Subscription Shares
In 2015, the Subscription Share portfolio increased from $10,413,175 to $12,999,074 or 24.8%. During 2015, 1,076 shares were sold when compared to 901 in 2014. Also in 2015, subscription shares to the value of $107,289 matured. Total shares to the value of $442,475 were repaid in 2015, of which the amount of $94,588.98 was attributable to matured shares from the current and previous periods.

Savings Portfolio
At the end of 2015, this portfolio amounted to $5,355,503 compared with $5,180,883 in 2014, an increase of 3.3%.

Special (Fixed) Deposit
Special Deposits as at 31st December 2015 was $12,071,372 an increase of $7,505,530 or 164%.

Mortgage Loan
The mortgage portfolio was $50.8M at December 31, 2015. New Loans disbursed in 2015 amounted to $11.6M. However there were early repayments of $1.7M in 2015.

Interest Income
There was a decrease in interest income from 4.27M in 2014 to 4.05M 2015. There was a marginal decrease on the mortgage portfolio interest and lower returns on the investment portfolio.

Total Assets
Assets increased by 16% from $71.0M in 2014 to an amount of $82.7M as at the end of 31st December 2015.

Net Income
In 2015 an interim dividend of 2.5% was paid and credited to share accounts at 30th June 2015, while a final dividend of 2.5% was paid and credited on 31st December 2015. Total dividend paid for the year 2015 was therefore 5%.

Group Health and Accident Insurance Plan
This plan which was established in 1966 is operated on a 60% (company):40%(employee) contributory basis for the benefit of the staff and to which the sum of **$26,743** was contributed by the Association during this year. **(2014: $26,957).**

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

President's Report 2015

Global and National Prospective

The momentum in global economic activity in 2014 did not continue throughout 2015. Across the globe, economic growth for 2015 has fallen short of expectations. The IMF in October 2015 estimated global economic growth downwards to 3.1%.

Economic growth in a few countries such as the United States of America, United Kingdom and some European economies reported satisfactory results, however most other countries have not been that fortunate. This has resulted primarily from weak global oil and gas prices, low commodity prices and reduced investment flows triggered by expected increases in United States interest rates.

Caribbean economies faced external fiscal vulnerabilities in 2015 but for those tourism dependent countries low fuel prices was a welcome development. Generally this resulted in growth in the tourism sector, decrease unemployment, reduced import bill and a fall in inflation.

In Trinidad and Tobago, the new administration took office on September 7, 2015. The Minister of Finance in his first budget speech painted a very challenging economic environment for the country with a fiscal deficit of $7.0 billion or 4.2% of GDP mainly as a result of reduced oil and gas prices. The outlook for 2016 is also not encouraging and a review of the budget is due to be presented in early April 2016.

Industry Review and Outlook

In 2016 the Government of Trinidad and Tobago will introduce a Rent-to-own programme. The Trinidad Building and Loan Association has long had our watchwords of "QUITTEZ LOVER OU PAYER POUR CAI OU" which means "LET YOUR RENT PAY FOR YOUR HOME"

The Government plans to focus domestic investment on housing, road construction, agriculture, tourism and forestry. This focus will have a positive effect on the mortgage market.

The Mortgage Market Reference Rate (MMRR) increased from 2.25 per cent in December, 2014 to 2.75 per cent in December 2015. The Central Bank of Trinidad and Tobago in their Media Release cited increases in both the fifteen (15) year Central Government Treasury yield and commercial banks cost of fund as reasons for the rise in the Mortgage Market Reference Rate (MMRR).

The Mortgage Market Reference Rate (MMRR) is an interest rate benchmark against which mortgages are to be priced and re-priced. The Central Bank provides this rate on a quarterly basis. The Mortgage Market Reference Rate (MMRR) is computed based on information on commercial banks' funding costs and yields on applicable treasury bonds. The mortgage rate is based on the Mortgage Market Reference Rate (MMRR) plus a margin charged by the respective financial institution.

In March 2016 the Mortgage Market Reference Rate (MMRR) increased further to 3.00 percent.

President's Report 2015 *(Cont'd)*

These increases are consistent with overall rate increases in 2015 which is expected to further increase in 2016.

The Trinidad Building and Loan Association remains committed in this our One Hundred and Twenty Fifth (125th) year of continuous operations to provide mortgages at competitive rates as we have done since our inception in 1891.

Results Analysis
The Association's net assets increased by 2.00% from $47.7M in 2014 to $48.7M in 2015. Profit before dividends remained constant at $1.5M in 2015, notwithstanding a 23.32% reduction in long term investment income as a result of falling interest rates on these securities.

Members shareholding increased by 24.83% from $10.4M in 2014 to 13.0M in 2015.

The Association embarked on a campaign in 2014 to attract new fixed depositors which bore rewards in 2015 with an increase in the fixed deposit portfolio of 78.80% from $9.7M in 2014 to $17.4M in 2015.
This strategy allowed the Association to write $11.6M in new mortgages in 2015.

Acknowledgement
In September 2015 Mr. Keith Ortiz, Director of the Association died after a short period of illness. Mr. Ortiz served the Association for twenty three (23 years) and made a valuable contribution over that time to the success and stability of the Association.

On behalf of the Board of Directors and on my personal behalf, we extend condolences to his family. The shareholders of the Trinidad Building and Loan Association have benefitted tremendously from his experience.

I also wish to thank my other fellow members of the Board, Management, Staff and Shareholders for their contributions to the continued success of the Association in 2015.

Terence Boswell Inniss
President

Financial Statements

31 DECEMBER 2015

I N D EX

TBLA
THE TRINIDAD BUILDING & LOAN ASSOCIATION
Housing Finance Institution Since 1891
Thrift and Home Ownership

The Trinidad Building and Loan Association

Statement of Management Responsibilities

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

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

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

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

Director	Roy L. Sley Allen Par Director
Date MARCH 22ND 2016.	Date March 22nd 2016

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PKF
Chartered Accountants
& Business Advisors

Independent Auditors' Report

The Members
The Trinidad Building and Loan Association

We have audited the accompanying financial statements of The Trinidad Building and Loan Association, which comprise the statement of financial position as at 31 December 2015, the statements of comprehensive income, changes in funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of The Trinidad Building and Loan Association as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

Port-of-Spain
22 March 2016

Statement Of Financial Position

Assets:	**Notes**	31 December **2015**	**2014**
Cash and cash equivalents	5	$ 13,158,077	$ 10,233,821
Accounts receivable and prepayments	6	460,077	573,172
Investments	7	7,345,951	5,808,359
		20,964,105	16,615,352
Mortgages	8	48,969,834	42,005,968
Land loans	9	1,814,714	1,488,435
Fixed assets	10	10,982,038	10,940,529
Total Assets		82,730,691	71,050,284
Liabilities:			
Accounts payable and accruals	11	3,207,766	2,806,336
Depositors	12	17,426,875	9,746,724
Unpaid matured shares	13	442,475	363,191
Members/Shareholders	14	12,999,074	10,413,175
Total Liabilities		34,076,190	23,329,426
Net Assets		**$48,654,501**	**$ 47,720,858**
Financed by:			
Dividend Reserve		$ 2,768,665	$ 2,304,020
Capital Reserve		8,570,752	8,570,752
Investment Remeasurement Reserve		6,354	7,546
Revenue Reserve		23,674,772	23,204,582
Special Reserve Fund		13,633,958	13,633,958
Total Funds		**$ 48,654,501**	**$ 47,720,858**

These financial statements were approved by the Board of Directors and authorized for issue on 22 March 2016 and signed on their behalf by

Terence Boswell Inniss: President	**Leslie Nelson: Secretary**

(The accompanying notes form part of these financial statements)

Statement Of Comprehensive Income

	Notes	31 December 2015	31 December 2014
Interest earned	15	$ 4,046,073	$ 4,274,468
Other income	16	697,724	697,408
Total income		4,743,797	4,971,876
Interest paid	17	186,349	88,238
Loan loss expense		-	100,000
Other expenditure	18	3,051,888	3,224,318
Total expenditure		3,238,237	3,412,556
Net surplus for the year		1,505,560	1,559,320
Other Comprehensive Income:			
Items that may be reclassified subsequently to profit and loss			
Unrealised (loss)/gain on available-for-sale financial assets		(1,192)	2,014
Total comprehensive income for the year		**$ 1,504,368**	**$ 1,561,334**

(The accompanying notes form part of these financial statements)

Statement Of Changes In Funds

FOR THE YEAR ENDED 31 DECEMBER 2015

	Dividend Reserve	Capital Reserve	Investment Remeasurment Reserve	Revenue Reserve	Special Reserve Fund
Balance as at 1 January 2014	$ 1,797,072	$ 8,570,752	$ 5,532	$ 22,740,259	$ 13,633,958
Net surplus for the year				1,559,320	
Investment Re-measurement Reserve Adjustment			2,014		
Dividend Reserve					
Addition	467,584			(467,584)	
Addition	39,364			(39,364)	
Interim dividend June : 3%				(253,188)	
Final dividend December: 3.5%	-	-	-	(334,861)	-
Balance as at 31 December 2014	**$ 2,304,020**	**$ 8,570,752**	**$ 7,546**	**$ 23,204,582**	**$ 13,633,958**
Balance as at 1 January 2015	$ 2,304,020	$ 8,570,752	$ 7,546	$ 23,204,582	$ 13,633,958
Net surplus for the year				1,505,560	
Investment Re-measurement Reserve Adjustment			(1,192)		
Dividend Reserve					
Addition	444,788			(444,788)	
Addition	19,857			(19,857)	
Interim dividend June : 2.5%				(267,537)	
Final dividend December: 2.5%	-	-	-	(303,188)	-
Balance as at 31 December 2015	**$ 2,768,665**	**$ 8,570,752**	**$ 6,354**	**$ 23,674,772**	**$ 13,633,958**

(The accompanying notes form part of these financial statements)

Statement Of Cash Flows

	31 December 2015	31 December 2014
Cash flows from operating activities:		
Net surplus for the year	$ 1,505,560	$ 1,559,320
Bad debts written off	7,497	70,046
Gain on disposal of fixed asset	-	(92,744)
Loan loss expense	-	100,000
Depreciation	101,474	107,428
Operating profit before changes in operating assets	1,614,531	1,744,050
Net change in accounts receivable and prepayments	113,095	(183,117)
Net change in accounts payable and accruals	401,430	(256,204)
Net cash provided by operating activities	2,129,056	1,304,729
Cash flows from investment activities:		
Net change in land loans	(326,279)	(58,557)
Net change in investments	(1,538,784)	2,457,218
Net change in mortgages from members	(6,971,363)	(522,931)
Proceeds from disposal of fixed assets	-	92,750
Fixed assets purchased	(142,983)	(11,066)
Net cash (used in)/provided by investing activities	(8,979,409)	1,957,414
Cash flows from financing activities:		
Net change in depositors	7,680,151	(598,669)
Net change in members' balances	79,284	5,582
Net change in amounts due to shareholders	2,585,899	2,259,742
Dividends paid	(570,725)	(588,049)
Net cash provided by financing activities	9,774,609	1,078,606
Net change in cash and cash equivalents	2,924,256	4,340,749
Cash and cash equivalents at the beginning of the year	10,233,821	5,893,072
Cash and cash equivalents at the end of the year	**$ 13,158,077**	**$ 10,233,821**

(The accompanying notes form part of these financial statements)

31 DECEMBER 2015

Registration and Principal Activity:

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

Statement of Accounting Policies:

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

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

b) **Use of estimates -**

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

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

i) The Association has not applied the following standard that became effective during the current year, as it does not apply to the activities of the Association or have a material impact on its financial statements:

IFRS 7 Financial Instruments: Disclosures - Mandatory effective date and transition disclosures (effective for accounting periods beginning on or after 1 January 2015).

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

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Amendments regarding changes in methods of disposal (effective for accounting periods beginning on or after 1 January 2016).

2. Significant Accounting Policies (Cont'd):

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

IFRS 7 Financial Instruments: Disclosures - Servicing contracts and applicability to condense interim financial statements (effective for accounting periods beginning on or after 1 January 2016).

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

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

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

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

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

IFRS 14 Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016).

IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2017).

IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019).

IAS 1 Presentation of Financial Statements - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2016).

IAS 7 Statement of Cash Flows - Amendments resulting from disclosure initiative (effective for accounting periods beginning on or after 1 January 2017).

IAS 12 Income Taxes - Amendments resulting from recognition of deferred tax assets for unrealised losses (effective for accounting periods beginning on or after 1 January 2017).

31 DECEMBER 2015

2. Significant Accounting Policies (Cont'd):

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

IAS 16 Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).

IAS 16 Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).

IFRS 19 Employee Benefits: Disclosures - Amendments regarding discount rate: regional market issue (effective for accounting periods beginning on or after 1 January 2016).

IAS 27 Separate Financial Statements - Amendments reinstalling the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective for accounting periods beginning on or after 1 January 2016).

IAS 28 Investment in Associates - Amendments regarding the sale or contribution of assets between investor and its associate or joint venture (effective for accounting periods beginning on or after 1 January 2016).

IAS 28 Investment in Associates - Amendments regarding the application of consolidation exception (effective for accounting periods beginning on or after 1 January 2016).

IAS 34 Interim Financial Reporting - Amendments regarding disclosure of information "elsewhere in the interim financial report" (effective for accounting periods beginning on or after 1 January 2016).

IAS 38 Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation (effective for accounting periods beginning on or after 1 January 2016).

IAS 41 Agriculture - Amendments bringing bearer plants into the scope of IAS 16 (effective for accounting periods beginning on or after 1 January 2016).

2. Significant Accounting Policies (Cont'd):

d) Fixed assets -

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

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

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

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

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

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

31 DECEMBER 2015

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

e) Income and expenditure -

Income items are dealt with as follows:

Mortgage interest, investments, bank deposits and savings revenues are dealt with on the accruals basis.
Other income is dealt with on the receipts basis.

Expenditure items are dealt with on the accruals basis.

f) Investments -

The Association has classified all investments into the following categories:

Available for sale

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

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

Held to maturity

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

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

g) Financial instruments -

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

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

Financial assets

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

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

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

Impairment of financial assets

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

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

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

31 DECEMBER 2015

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

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

Impairment of financial assets (cont'd)

i) Significant financial difficulty of the issuer or obligor.

ii) A breach of contract, such as default or delinquency in interest or principal payments.

iii) It becoming probable that the borrower will enter in bankruptcy or other financial reorganization.

iv) The disappearance of an active market for that financial asset because of financial difficulties.

v) Observable data indicating that there is a measurable decrease in the estimated cash-flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Association or national or economic conditions that correlate with defaults on assets in the Association.

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

i) **Financial assets measured at amortised cost**

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

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

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

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

Impairment of financial assets (cont'd)

Financial assets measured at cost

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

Financial liabilities

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

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

Cash and cash equivalents

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

Trade receivables

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

Mortgage loans

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

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

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2. Significant Accounting Policies (Cont'd):

g) Financial instruments (cont'd) -

Trade payables

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

Members' deposits

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

Members' shares

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

h) Dividends payable to members -

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

i) Provisions -

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

j) Retirement benefit plan -

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

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

   k) **Taxation -**

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

   l) **Comparative information -**

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

3. **Financial Risk Management:**

Financial risk factors

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

Financial Instruments

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

	2015	
	Carrying Value	Fair Value
Financial Assets		
Cash and cash equivalents	$ 13,158,077	$ 13,158,077
Interest receivable	136,130	136,130
Investments	7,345,951	7,345,951
Mortgages	48,969,834	48,969,834
Financial Liabilities		
Depositors	17,426,875	17,426,875
Members/Shareholders	12,999,074	12,999,074
Interest on fixed deposits	145,520	145,520

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3. Financial Risk Management (Cont'd):

Financial risk factors (cont'd)

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

a) Interest rate risk -

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

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

i) Bonds

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

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

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

3. Financial Risk Management (Cont'd):

Financial risk factors (cont'd)

a) Interest rate risk (cont'd) -

ii) Mortgage Loans

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

iii) Interest rate sensitivity analysis

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

	Effective Rate	Up to 1 year	1 to 5 years	Over 5 years	Non-Interest Bearing	Total
			2015			
Financial Assets						
Cash and cash equivalents	1.0%	$ 13,158,077	$ -	$ -	$ -	$ 13,158,077
Interest receivable	7.0%	136,130	-	-	-	136,130
Investments	7.0%	117,678	3,700,355	3,527,918	-	7,345,951
Mortgages	7.0%	895,511	5,535,872	42,538,451	-	48,969,834
		$ 14,307,396	$ 9,236,227	$46,066,369	$ -	$ 69,609,992
Financial Liabilities						
Depositors	1.5%	$ 15,345,824	$ 1,660,283	$ 420,768	$ -	$ 17,426,875
Members/Shareholders	5.0%	75,000	5,950,000	6,974,074	-	12,999,074
Interest on fixed deposits	2.0%	145,520	-	-	-	145,520
		$ 15,566,344	$ 7,610,283	$ 7,394,842	$ -	$ 30,571,469
			2014			
Financial Assets						
Cash and cash equivalents	1.2%	$ 10,233,821	$ -	$ -	$ -	$ 10,233,821
Interest receivable	7.5%	104,159	-	-	-	104,159
Investments	7.5%	104,151	2,102,555	3,601,653	-	5,808,359
Mortgages	7.5%	1,268,667	5,627,727	35,109,574	-	42,005,968
		$ 11,710,798	$ 7,730,282	$38,711,227	$ -	$ 58,152,307
Financial Liabilities						
Depositors	1.5%	$4,420,046	$ 1,295,221	$ 4,031,457	$ -	$ 9,746,724
Members/Shareholders	6.5%	117,500	5,016,000	5,279,675	-	10,413,175
Interest on fixed deposits	1.5%	20,000	-	-	-	20,000
		$ 4,557,546	$ 6,311,221	$ 9,311,132	$ -	$ 20,179,899

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3. Financial Risk Management (Cont'd):

b) Credit risk -

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

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

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

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

c) Liquidity risk -

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

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

i) Risk management

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

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

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

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

ii) Liquidity gap

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

2015

-	Up to 1 year	1 to 5 years	Over 5 years	Total
Financial Assets				
Cash and cash equivalents	$ 13,158,077	$ -	$ -	$ 13,158,077
Interest receivable	136,130	-	-	136,130
Investments	117,678	3,700,355	3,527,918	7,345,951
Mortgages	895,511	5,535,872	42,538,451	48,969,834
	$ 14,307,396	$ 9,362,227	$46,066,369	$ 69,609,992
Financial Liabilities				
Depositors	$ 15,345,824	$ 1,660,283	$ 420,768	$ 17,426,875
Members/Shareholders	75,000	5,950,000	6,974,074	12,999,074
Interest on fixed deposits	145,520	-	-	145,520
	$ 15,566,344	$ 7,610,283	$ 7,394,842	$ 30,571,469

2014

-	Up to1 year	1 to5 years	Over 5 years	Total
Financial Assets				
Cash and cash equivalents	$ 10,233,821	$ -	$ -	$ 10,233,821
Interest receivable	104,159	-	-	104,159
Investments	104,151	2,102,555	3,601,653	5,808,359
Mortgages	1,268,667	5,627,727	35,109,574	42,005,968
	$ 11,710,798	$ 7,730,282	$ 38,711,227	$ 58,152,307
Financial Liabilities				
Depositors	$ 4,420,046	$ 1,295,221	$ 4,031,457	$ 9,746,724
Members/Shareholders	117,500	5,016,000	5,279,675	10,413,175
Interest on fixed deposits	20,000	-	-	20,000
	$ 4,557,546	$ 6,311,221	$ 9,311,132	$ 20,179,899

d) **Reputation risk -**

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

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3. Financial Risk Management (Cont'd):

e) Operational risk -

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

f) Compliance risk -

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

4. Critical Accounting Estimates and Judgments:

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. The Association makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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

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

i) Whether investments are classified as held to maturity investments, available for sale or loans and receivables.

ii) Which depreciation method for fixed assets is used.

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

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

i) Impairment of assets

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

ii) Plant and equipment

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

5. Cash and Cash Equivalents:

	31 December 2015	31 December 2014
Cash on hand	$ 42,882	$ 49,964
RBTT Bank Limited	4,703,389	4,336,698
Trinidad and Tobago Unit Trust Corporation	7,911,806	5,847,159
Guardian Asset Management	500,000	-
	$ 13,158,077	$ 10,233,821

As at 31 December 2015, cash and cash equivalents comprise 16% (2014 - 14%) of total assets. The subscription at Trinidad and Tobago Unit Trust Corporation, though considered cash equivalent, has been valued as an Available-for-Sale investment.

6. Accounts Receivable and Prepayments:

	31 December 2015	31 December 2014
Accrued commissions and interest on loans	$ 136,607	$ 280,356
Interest receivable	136,130	104,159
Staff loans	39,076	56,974
Prepayments	75,694	83,129
Other	72,570	48,554
	$ 460,077	$ 573,172

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7. **Investments:**

Available -for-Sale –	**31 December 2015**	**2014**
ROYTRIN Income and Growth Fund	$ 220,960	$ 219,890
Held-to-Maturity –		
Caribbean Finance Company Ltd 4% - Maturity 2017	119,678	114,130
WASA South Water Project:		
Guaranteed Redeemable Fixed Rate Bond 1st Tranche 10.5% – Maturity 2019	945,556	1,181,945
Guaranteed Redeemable Fixed Rate Bond 2nd Tranche 10.5% – Maturity 2019	469,273	586,591
Government of Trinidad and Tobago Redeemable Floating Rate Bond 10.87% - Maturity 2019	62,491	104,151
WASA – Government of Trinidad and Tobago $330M Redeemable Floating Rate Bond 9.0% - 11.5% - Maturity 2021	419,690	489,640
Government of Trinidad and Tobago Fixed Bond 5.95% - Maturity April 2023	1,052,189	1,053,523
NIPDEC TT$50M Fixed Rate Bond 6.55% - Maturity 2025	2,056,114	2,058,489
Caribbean Finance Company Ltd 4.00% - Maturity 2016	1,000,000	-
Caribbean Finance Company Ltd 3.75% - Maturity 2016	1,000,000	-
	$ 7,345,951	**$ 5,808,359**

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8. Mortgages:

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

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

	31 December 2015	31 December 2014
On 68 Mortgages where the debt does not exceed **$10,000** (2014:99)	$ 327,727	$ 340,754
On 27 Mortgages where the debt exceeds **$10,000** and does not exceed **$25,000** (2014:36)	423,784	551,903
On 19 Mortgages where the debt exceeds **$25,000** and does not exceed **$50,000** (2014:20)	723,684	752,019
On 18 Mortgages where the debt exceeds **$50,000** and does not exceed **$100,000** (2014:18)	1,259,739	1,237,561
On 68 Mortgages where the debt exceeds **$100,000** Section 45(1) (b) (2014:95)	46,760,696	40,141,569
Mortgages on properties of which the repayments are upwards of 12 months in arrears and the property has been upwards of 12 months in possession of the Association Section 45(1) (b).		
On 2 Mortgages (2014:2)	692,612	248,370
Total Mortgages 202 (2014:270)	50,188,242	43,272,176
Less: Accrued interest on demand loans	(592,997)	(640,797)
Provision for doubtful loans – Principal	(625,411)	(625,411)
	$48,969,834	**$42,005,968**

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9. Land Loans:

	31 December 2015	31 December 2014
Balance brought forward	$ 1,488,435	$ 1,429,878
New loans during the year	726,763	403,750
Repayments during the year	(400,484)	(345,193)
Balance carried forward	**$ 1,814,714**	**$ 1,488,435**

10. Fixed Assets:

Cost	**Freehold Properties**	**Motor Vehicles**	**Office Equipment**	**Total**
Balance as at 1 January 2015	$ 10,558,732	$ 83,000	$ 1,531,638	$ 12,173,370
Additions	64,700	-	78,283	142,983
Balance as at 31 December 2015	10,623,432	83,000	1,609,921	12,316,353
Accumulated Depreciation				
Balance as at 1 January 2015	-	47,078	1,185,763	1,232,841
Charge for the year	-	20,750	80,724	101,474
Balance as at 31 December 2015	-	67,828	1,266,487	1,334,315
Net Book Value				
Balance as at 31 December 2015	**$ 10,623,432**	**$ 15,172**	**$ 343,434**	**$10,982,038**
Balance as at 31 December 2014	**$ 10,558,732**	**$ 35,922**	**$ 345,875**	**$10,940,529**

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10. Fixed Assets (Cont'd):

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

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11. Accounts Payable and Accruals:

	31 December 2014	2015
Trinidad and Tobago Housing Development Corporation	$ 510,809	$ 565,353
Mortgages approved and not disbursed	2,099,078	1,449,367
Other	597,879	791,616
	$ 3,207,766	**$ 2,806,336**

The Association acts as agent for the Trinidad and Tobago Housing Development Corporation (HDC) administering its mortgage loan portfolio, which amounts to approximately **$4,056,981** (2014:**$4,782,969**). The amount due to HDC represents receipts collected before deductions and charges.

12. Depositors:

	31 December 2015	2014
Special deposits	$ 12,071,372	$ 4,565,841
Savings deposits	5,355,503	5,180,883
	$ 17,426,875	**$ 9,746,724**

(i) As at 31 December 2015, total deposits to mortgage loans amount to 35% (2014: 24%).

(ii) As at 31 December 2015, deposits maturing in 2016 will amount to **$11,660,284** and deposits maturing after 31 December 2016 will amount to **$170,892** (2014:**$170,787**).

13. Unpaid Matured Shares:

	31 December 2015	2014
Amounts due for unpaid matured shares	**$ 442,475**	**$ 363,191**

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14. Members/Shareholders:

		31 December 2015		2014
Balance at beginning of year		$10,413,175		$ 8,153,433
Share purchases less withdrawals and transfers		2,015,174		1,671,693
		12,428,349		9,825,126
Dividends paid				
- 30 June – 2.5% (2014:3.0%)	267,537		253,188	
- 31 December – 2.5% (2014:3.5%)			334,861	
	303,188	570,725		588,049
		$12,999,074		**$10,413,175**

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

15. Interest Earned:

		31 December 2015	2014
Mortgages (net)		$ 3,432,856	$ 3,530,722
Investments	- Long-term	492,897	643,076
	- Short-term	64,993	45,011
Share loans		55,327	55,659
		$ 4,046,073	$ 4,274,468

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16. **Other Income:**

	31 December 2015	31 December 2014
Commission		
- NHA's assisted loans	$ 57,401	$ 70,864
- Insurance on TBLA's mortgages	9,132	(7,224)
- NHA's soft loans (interest)	2,125	2,570
	68,658	66,210
Gain on disposal of fixed assets	-	92,744
Rent	463,536	471,936
Interest on current account	1,866	608
Fees	117,752	36,834
Miscellaneous/other	45,912	29,076
	$ 697,724	$ 697,408

17. **Interest Paid:**

	Simple average 2015 %	Simple average 2014 %	31 December 2015	31 December 2014
Savings	0.5	0.5	$ 25,082	$ 26,003
Special deposits	2.0	2.0	158,616	50,071
Paid up shares	3.0	3.0	2,651	12,164
			$ 186,349	$ 88,238

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18. Other Expenditure

	31 December			
	2015		**2014**	
Staff remuneration	$1,237,583		$1,483,679	
National Insurance contributions	80,800		77,662	
Health Scheme contribution	26,610		26,957	
Pension Fund contribution	24,974		24,374	
Direct staff costs - 45% (2014:50%)		1,369,967		1,612,672
Employee Assistance Progamme	-		12,075	
Staff expense and training			47,466	
Staff/Pensioners ex-gratia	33,380		3,000	
Staff uniforms	3,000		9,000	
	22,771			
Other staff costs: 1.9% (2014: 2.2%)		59,151		71,541
Total staff costs: 47% (2014:52%)		1,429,118		1,684,213
Management expenses **(Note 19)**	1,165,392		1,044,727	
Depreciation to furniture, equipment and motor vehicles	101,474		107,428	
Other operating expenses	77,225		72,504	
Audit fee	78,000		78,000	
Directors' fees	168,000		161,000	
Legal fees	10,653		(2,538)	
Bank interest and charges	14,529		8,938	
Bad debts written off	7,497		70,046	
		1,622,770		1,540,105
		$3,051,888		**$3,224,318**

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19. Management Expenses

	31 December 2015	31 December 2014
Telephone	$ 50,692	$ 54,906
Electricity	48,588	49,394
Professional services	150,382	111,575
Stamps, stationery and printing	25,803	34,450
Insurance - property	68,527	68,648
Property maintenance	164,875	65,870
Rates and taxes	10,009	21,000
Miscellaneous expenses	73,302	77,112
Insurance - equipment, burglaries, cash in transit, etc.	34,755	38,699
Advertising/Marketing/Promotion	225,987	248,316
Tea room expenses	19,023	20,791
Subscriptions and donations	25,181	38,467
Security guard cost	94,286	99,256
Transunion – Credit Investigation	21,918	15,660
Upkeep allowance	35,250	19,500
Computer software maintenance	111,414	81,083
Special events expenses	5,400	-
	$ 1,165,392	**$ 1,044,727**

20. Employees:

At 31 December 2015 the Association had in its employ a staff complements of 11 persons (2014:11).

21. Contingent Liabilities:

(i) Under the provisions of the Retrenchment and Severance Benefits Act 1985, an amount of approximately **$435,166** as at 31 December 2015 (2014: **$380,819**) would have been payable if the services of the employees of the Association were terminated. No provision is made for this contingent liability in these financial statements.

(ii) The Association has issued a 6.5% debenture with a face value of **$850,000** to its bankers as security for bank borrowings. This debenture is secured by a floating charge on all of the property of the Association both current and future.

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22. Related Party Transactions:

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

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

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

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

	December 31 2015	December 31 2014
Assets		
Loans to key management personnel	$ 16,244	$ 24,477
Deposits and other liabilities		
Deposits held by directors and key management personnel	$ 364,225	$ 11,938
Shares held by directors and key management personnel	675,024	596,714
	$1,039,249	$ 608,652
Interest and other income		
Directors and key management personnel	$ 6,143	$ 60
Interest and other expenses		
Directors and key management personnel	$ 31,894	$ 34,585
Key management compensation		
Short-term benefits	$ 606,844	$ 639,006
Post employment benefits	11,440	11,286
	$ 618,284	$ 650,292

31 DECEMBER 2015

23. Fair Values:

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

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

Current assets and liabilities -

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

Members' loans -

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

Investments -

The fair values of investments are determined on the basis of market prices available at 31 December 2015.

Members' deposits -

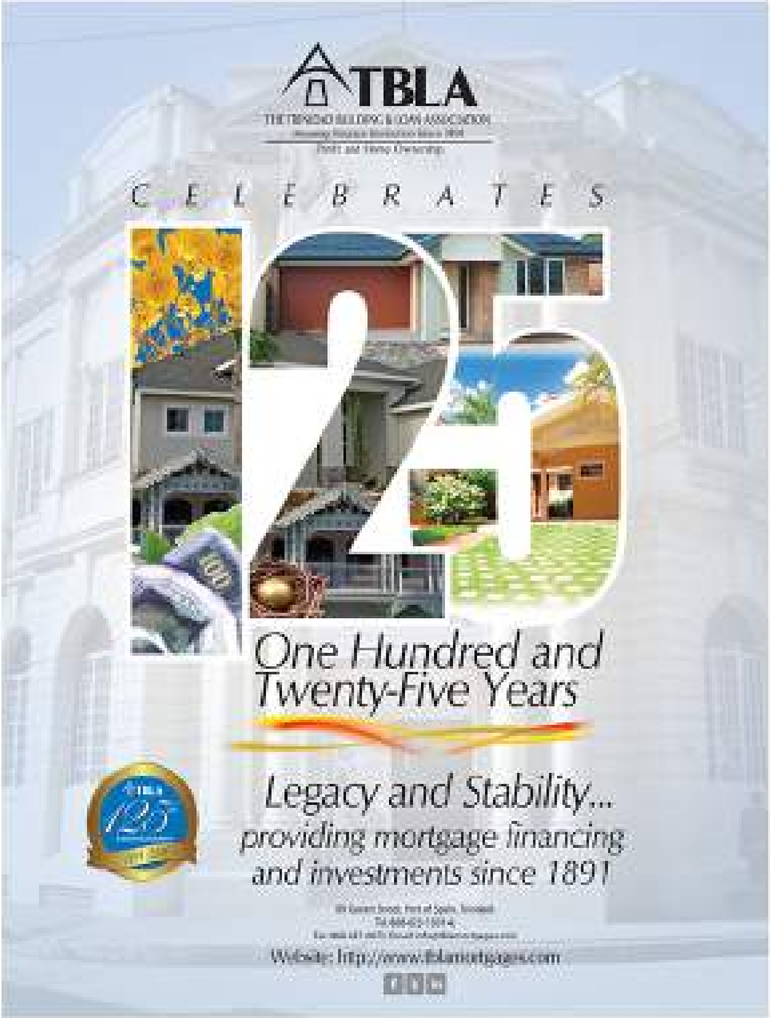
Members' deposits bear interest at rates that are not significantly different from current rates and are assumed to have discounted cash flow values which approximate carrying values.

24. Capital Risk Management:

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

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

Notes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