PILLARS
of Integrity, Stability and Trust

TBLA
THE TRINIDAD BUILDING & LOAN ASSOCIATION

2017
ANNUAL REPORT

Board of Directors

Mr. Terence Boswell Inniss
PRESIDENT

Ms. Bliss Seepersad
VICE PRESIDENT

Mr. John B.C. Martin
DIRECTOR

Mr. Percy Farrell
DIRECTOR

Ms. Joanne Prosper
DIRECTOR

Mr. Leslie Clarke
DIRECTOR

Mr. Stephen Allum Poon
DIRECTOR

Mr. Mark Farrell
DIRECTOR

Ms. Jo-Anne Julien
DIRECTOR / EX OFFICIO COUNSEL

Mr. Leslie Nelson
CEO/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

127th ANNUAL MEETING

Notice is hereby given that the One Hundred and Twenty Seventh Annual Meeting of The Trinidad Building and Loan Association (TBLA) will be held at Calypso Lounge, Radisson Hotel Trinidad, Wrightson Road, Port-of-Spain on **Thursday 19th April, 2018 at 5:30 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, 2017 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. Leslie Clarke and Ms. Joanne Prosper - 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 2017 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

Leslie Nelson
SECRETARY

Corporate Information

Directors	Yr. of Appt		Yr. of Election
Mr. Terence Boswell Inniss - President	June	1992	2016
Ms. Bliss Seepersad - Vice President	September	2008	2016
Mr. J.B.C. Martin C.A., F.C.A.	June	1974	2017
Ms. Jo-Anne Julien – Counsel	July	2001	(Ex-Officio)
Mr. Percy Farrell	February	1996	2017
Mr. Leslie Clarke	September	2013	2014
Ms. Joanne Prosper	April	2011	2015
Mr. Stephen Allum-Poon	July	2014	2015
Mr. Mark Farrell	June	2016	2017

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

REGISTERED OFFICE
The Trinidad Building and Loan Association
89 Queen Janelle Commissiong Street
Port-of-Spain
Trinidad and Tobago, W.I.
Phone: (868) 623-1501/ 4 Fax: (868) 627-0675
Website: info@tblamortgages.com
Email: info@tblamortgages.com
Website: www.tblamortgages.com

ATTORNEY-AT-LAW
Lex Caribbean
1st Floor, 5 – 7 Sweet Briar Road
St. Clair
Trinidad & Tobago, W.I.
Phone (868) 628-9255

ATTORNEYS-AT-LAW
Wheeler & Co.
22-24 St. Vincent Street
Port-of-Spain
Trinidad & Tobago, W.I.
Phone: (868) 627-9014

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

AUDITORS
PKF
111, Eleventh Street
Barataria
Trinidad & Tobago, W.I.
Phone: (868) 235-5063

Directors' Report

Your Directors have the honour to present to the Shareholders their Annual Report as well as the Financial Statements and Report of the Auditors' for the year 2017.

Revenue and Appropriation Account

	2017	**2016**
Revenue	6,308,880	5,733,377
Expenditure	4,324,528	3,867,035
Net income for the year	1,984,352	1,866,342
Impairment of Investment Income		
Net Surplus for the year	1,984,352	1,866,342
Appropriation to Dividend Reserve	(595,306)	(559,903)
The following dividends were declared:		
Interim dividends of 2.5% at 30th June (2016: 2.5%)	(380,892)	(323,134)
Final dividends of 2.5% at 31st December (2016: 2.5%)	(427,497)	(360,629)
	(808,389)	(683,763)
Balance After Appropriation and Dividends	580,657	622,676
To which was added the balance of Revenue to/ Reserve brought forward	24,248,758	23,674,772
Transfer Dividend Reserve	66,274	(48,690)
Retained Earnings carried forward	**24,895,689**	**24,248,758**

Directors' Report (cont'd)

Subscription Shares

In 2017, the Subscription share portfolio increased from $ 15,488,516 to $ 18,044,383 or 16.5%. During 2017, 490 shares were sold when compared to 202 in 2016. Also in 2017, subscription share to the value of $ 188,380 matured. Total shares to the value of $ 470,041 were repaid in 2017, of which the amount of $ 159,943 was attributable to matured shares from the current and previous periods.

Savings Portfolio

At the end of 2017, this portfolio amounted to $ 5,888,526 compared with $ 6,150,728 in 2016 a marginal decrease of 4.3%

Special (Fixed) Deposit

Special Deposits as at 31st December 2017 was $ 13,266,212 an increase of $ 398,457 or 3.1%

Mortgage Loan

The mortgage portfolio was $ 66.5M at 31st December 2017. New Loans disbursed in 2017 amounted to $ 12.2M. However, there were early repayments of $ 1.1M

Interest Income

There was an increase in interest income from $ 4.94M in 2016 to $ 5.42M in 2017. This was as a result of an increase on the mortgage portfolio interest, a marginal net increase on the investment portfolio and an increase on the share loan portfolio.

Total Assets

Assets increased by 8.5% from $ 87.84M in 2016 to $ 95.3M as at the end of 31st December, 2017.

Net Income

In 2017, an interim dividend of 2.5% was paid and credited to share accounts at 30th June 2017, while a final dividend of 2.5% was paid and credited on 31st December 2017. Total dividend paid for the year 2017 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 $ 24,056 was contributed by the Association during this year **(2016:26,743)**.

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 2017

GLOBAL AND NATIONAL PROSPECTIVE

The global economy gained momentum in the second half of 2017 led by faster economic activity in the advanced economies particularly the United States and the Euro area. Economic performance in Latin America strengthened in the third quarter of 2017 while growth in the Caribbean was mixed. Real GDP growth slowed for some tourism-dependent economies in the Caribbean following a destructive hurricane season. Globally, inflationary pressures were modest in 2017 and monetary policy remained generally supportive of economic activity in both advanced and emerging economies.

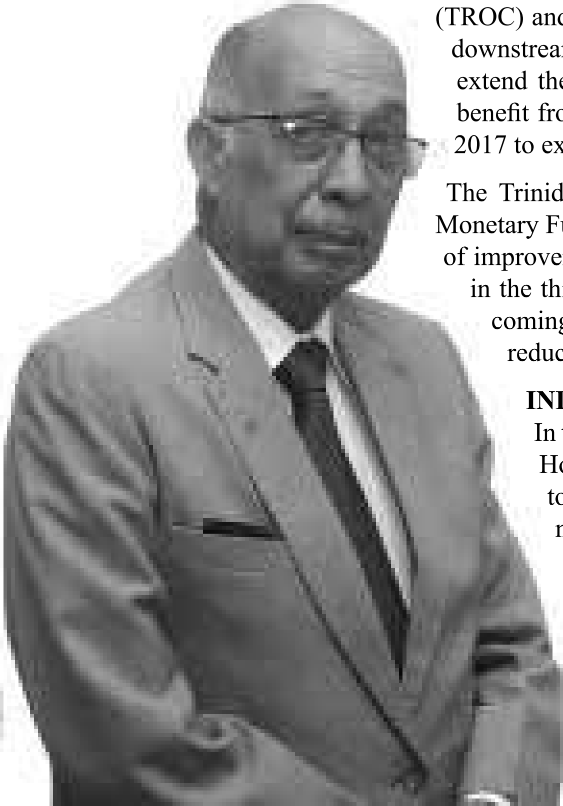
The global economy is expected to strengthen in 2018 supported by growth and by stable financial conditions. This is reflective of increased global growth momentum, particularly in advanced economies and the expected impact of the recent United States tax policy. The Federal Reserve is expected to continue to raise interest rates and gradually normalise its balance sheet. Several commodity exporting economies in the Caribbean are likely to benefit from modest improvement in commodity prices whilst weather related shocks may affect economic growth in tourism dependent economies in the region.

In Trinidad and Tobago food inflation was affected by supply disruptions resulting from flooding and the pass through of higher international dairy prices. Core inflation was restrained notwithstanding upward impetus from higher transportation costs as a result of the reduction of energy subsidies in October 2017.

The Central Bank of Trinidad and Tobago Quarterly Index of Real Economic Activity (QIEA) showed that economic activity in the energy sector picked up during the third quarter of 2017. Upstream production was buoyed by new natural gas output from the Juniper field, which also made more gas available to some downstream producers.

In December 2017, Trinidad and Tobago gross international reserves had fallen to US$8,368.8 million or 9.7 months of prospective imports of goods and non-factor services.

However, the growth prospects for Trinidad and Tobago economy have improved over the medium term owing to an upturn in the energy sector. This upturn reflects a boost to natural gas production from several new projects including EOG's Sercan field and BPTT's Trinidad Onshore Compression Project (TROC) and the Juniper field which is helping to alleviate gas supply shortfalls in the downstream sector. The start up of BPTT's Angellin project scheduled for 2019 could extend the growth momentum further into the medium term. The sector may also benefit from a more stable oil market following OPEC's decision on November 30, 2017 to extend the Group's production cut to the end of 2018.



The Trinidad and Tobago economy is expected to improve with the International Monetary Fund (IMF) projecting an increase in real GDP by 1.9% in 2018. Early signs of improvement have appeared in the energy sector, as exploration activity increased in the third quarter of 2017, and output of natural gas is expected to rise with the coming on stream of key projects. The government is also expected to continue to reduce its expenditure in 2018.

INDUSTRY REVIEW AND OUTLOOK

In the 2018, National Budget presentation the Minister of Finance announced a Housing Construction Incentive Programme to encourage private developers to construct houses to satisfy the current demand for affordable housing. He noted that from the sales of houses under this programme will be tax free, as currently obtains for large traders in housing, and as an added incentive, the Government will contribute a cash bonus or state land, as appropriate

President's Report continued

to all approved developers who construct housing units in accordance with designs, specifications and prices fixed by the Government.

It is anticipated that this incentive programme will generate more activity in 2018 in mortgage financing.

The Mortgage Market Reference Rate (MMRR) remained fixed at 3.00% in December 2016 to 3.00% in December 2017. The rate of 3.00% has maintained up to March 2018.
The mortgage industry in Trinidad and Tobago has remained strong even with the challenges in the macro economy. The mortgage portfolio of the Association continues to grow year on year and as the demand for homes continues to be high it provides reassurance to all stakeholders of the Association's ability to remain relevant to the mortgage financing landscape.

The Association however views with concern the loss of employment by many in the country given the depressed economic environment. In this regard the Association continues its long tradition of working together with those members who have become unemployed or may be facing other difficulties by arranging terms to assist them during their period of adjustment.

RESULT ANALYSIS AND OUTLOOK
The Association's net assets increased by 2.32% from $49.8M in 2016 to $51.0M in 2017 while Members shareholding increased by 16.50% from $15.5M to $18.0M in 2017.
The Deposit portfolio showed a modest increase of 0.72% from $19.0M in 2016 to $19.2M in 2017 and reflects the fourth year of growth. This was as a result of continuing with the campaign from 2014 to attract new fixed deposits. The Association will continue with this strategy in 2018.

In 2017, the Association signed off on a five (5) year loan facility with the National Insurance Board of Trinidad and Tobago (NIBTT) which is secured by Government Bonds. This facility will assist the Association in financing its mortgage loan portfolio with the ease of semi-annual interest payments and full repayment on the facility at the end of the period of the loan.

In 2017, the Association recruited a qualified Accountant, an Internal Auditor and a Mortgage Manager which has facilitated the growth of its professional staff.
In 2017, the Association signed off on a provider for new and enhanced software which was installed on 2nd January, 2018. This acquisition will make the Association more efficient and provide an improved service to our many loyal customers.

The Association celebrated 126 years of service to the nation in 2017. It is the longest operating Building Society in Trinidad and Tobago. TBLA has been providing mortgage financing and investments since 1891 and it takes this mandate seriously. In spite of the recession, loss of jobs and higher food prices the Association continues to assist families with their dream of home ownership and building a better future for their loved ones.

ACKNOWLEDGEMENT

I also wish to thank my fellow members of the Board, Management, Staff and Shareholders for their contribution to the continued success of the Association in 2017.

Terence Boswell Inniss
President

PKF
Chartered Accountants
& Business Advisors

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

Financial Statements

31 DECEMBER 2017

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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

Management is responsible for the following:

Preparing and fairly presenting the accompanying financial statements of The Trinidad Building and Loan Association, which comprise the statement of financial position as at 31 December, 2017 the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information:

- ensuring that the company keeps proper accounting records;
- selecting appropriate accounting policies and applying them in a consistent manner;
- implementing, monitoring and evaluating the system of internal control that assures security of the company's assets, detection/prevention of fraud, and the achievement of company operational efficiencies;
- ensuring that the system of internal control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorized for issue, if later.

Management affirms that is has carried out its responsibilities as outlined above.

Leslie Nelson

Signed

14th March, 2018
Date

Signed

14th March, 2018
Date

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Chartered Accountants
& Business Advisors

Independent Auditors' Report

The Members
THE TRINIDAD BUILDING AND LOAN ASSOCIATION

Opinion
We have audited the financial statements of The Trinidad Building and Loan Association, which comprise the statement of financial position as at 31 December 2017, and the statements of comprehensive income, changes in funds and cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Trinidad Building and Loan Association as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of The Trinidad Building and Loan Association 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 information included in the Association's 2017 Annual Report
Management is responsible for the other information. Other information consists of the information included in the Annual Report, other than the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we concluded that there is a material misstatement of this other information, we are required to communicate the matter to the Board of Directors.

Responsibilities of Management and the Board of Directors 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the association's financial reporting process.

Telephone: (868) 235-5063
Address: 111 Eleventh Street, Barataria, Trinidad, West Indies
Mailing Address: PO Box 10205, Eastern Main Road, San Juan

Partners: Renée-Lisa Philip Mark K. Superville

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INDEPENDENT AUDITORS' REPORT (Cont'd)

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association 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 the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PKF

14 March 2018
Barataria
TRINIDAD

PKF
Chartered Accountants
& Business Advisors

Statement of Financial Position

Assets:	**Notes**	**31 December 2017 ($)**	**2016 ($)**
Cash and cash equivalents	5	6,032,174	6,005,377
Accounts receivable and prepayments	6	2,120,306	1,374,157
Investments	7	9,566,982	9,920,452
		17,719,462	17,299,986
Mortgages	8	62,649,927	56,197,046
Land loans	9	3,878,667	3,425,858
Fixed assets	10	11,038,021	10,918,453
Total Assets		95,286,077	87,841,343
Liabilities:			
Accounts payable and accruals	11	3,627,204	3,063,111
Depositors	12	19,154,738	19,018,483
Unpaid matured shares	13	451,150	422,713
Members/Shareholders	14	18,044,383	15,488,516
Loan payable	15	3,000,000	-
Total Liabilities		44,277,475	37,992,823
Net Assets		**51,008,602**	**49,848,520**
Financed by:			
Dividend Reserve		3,906,290	3,377,258
Capital Reserve		8,570,752	8,570,752
Investment Remeasurement Reserve		1,913	17,794
Revenue Reserve		24,895,689	24,248,758
Special Reserve Fund		13,633,958	13,633,958
Total Funds		**51,008,602**	**49,848,520**

These financial statements were approved by the Board of Directors and authorized for issue on 14 March 2018 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 2017 ($)	31 December 2016 ($)
Interest earned	16	5,422,288	4,937,394
Other income	17	886,592	795,983
Total income		6,308,880	5,733,377
Interest paid	18	352,121	284,185
Other expenditure	19	3,972,407	3,582,850
Total expenditure		4,324,528	3,867,035
Net surplus for the year		1,984,352	1,866,342
Other Comprehensive Income:			
Items that may be reclassified subsequently to profit and loss			
Unrealised (loss)/gain on available-for-sale financial assets		(15,881)	11,440
Total comprehensive income for the year		**1,968,471**	**1,877,782**

(The accompanying notes form part of these financial statements)

TBLA

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Chartered Accountants
& Business Advisors

Statement of Changes In Funds

FOR THE YEAR ENDED 31 DECEMBER 2017

	Dividend Reserve ($)	Capital Reserve ($)	Investment Remeasurment Reserve ($)	Revenue Reserve ($)	Special Reserve Fund ($)
Balance as at 1 January 2016	2,768,665	8,570,752	6,354	23,674,772	13,633,958
Net surplus for the year				1,866,342	
Investment Re-measurement Reserve Adjustment			11,440		
Dividend Reserve					
Addition	559,903			(559,903)	
Addition	48,690			(48,690)	
Interim dividend June : 2.5%				(323,134)	
Final dividend December: 2.5%	-	-	-	(360,629)	-
Balance as at 31 December 2016	3,377,258	8,570,752	17,794	24,248,758	13,633,958
Balance as at 1 January 2017	3,377,258	8,570,752	17,794	24,248,758	13,633,958
Net surplus for the year				1,984,352	
Investment Re-measurement Reserve Adjustment			(15,881)		
Dividend Reserve Additions	595,306			(595,306)	
Prior year Reserve Adjustment	(40,431)			40,431	
Reserve Adjustment	(25,843)			25,843	
Interim dividend June : 2.5%				(380,892)	
Final dividend December: 2.5%	-	-	-	(427,497)	-
Balance as at 31 December 2017	3,906,290	8,570,752	1,913	24,895,689	13,633,958

(The accompanying notes form part of these financial statements)

Statement of Cash Flows

	31 December 2017 ($)	31 December 2016 ($)
Cash flows from operating activities:		
Net surplus for the year	1,984,352	1,866,342
Bad debts written off	106,710	267,646
Gain on disposal of fixed assets	(46,937)	-
Depreciation	103,742	92,930
Operating profit before changes in operating assets	2,147,867	2,226,918
Net change in accounts receivable and prepayments	(746,149)	(914,080)
Net change in accounts payable and accruals	564,093	(144,655)
Net cash provided by operating activities	1,965,811	1,168,183
Cash flows from investment activities:		
Net change in land loans	(452,809)	(1,611,144)
Net change in investments	337,589	(2,563,061)
Net change in mortgages from members	(6,559,591)	(7,494,858)
Proceeds from disposal of fixed assets	47,000	-
Fixed assets purchased	(223,373)	(29,345)
Net cash used in investing activities	(6,851,184)	(11,698,408)
Cash flows from financing activities:		
Net change in depositors	136,255	1,591,608
Net change in members' balances	28,437	(19,762)
Net change in amounts due to shareholders	2,555,867	2,489,442
Dividends paid	(808,389)	(683,763)
Loans received	3,000,000	-
Net cash provided by financing activities	4,912,170	3,377,525
Net change in cash and cash equivalents	26,797	(7,152,700)
Cash and cash equivalents at the beginning of the year	6,005,377	13,158,077
Cash and cash equivalents at the end of the year	**6,032,174**	**6,005,377**

(The accompanying notes form part of these financial statements)

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Chartered Accountants
& Business Advisors

31 DECEMBER 2017

1. **Registration and Principal Activity:**

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

2. **Statement of Accounting Policies:**

a) Basis of financial statements preparation -

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

b) Use of estimates -

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

c) New Accounting Standards and Interpretations -

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 1 First-time Adoption of Financial Reporting Standards - Amendments regarding the deletion of short-term exemptions for first-time adopters (effective for accounting periods beginning on or after 1 January 2018).

IFRS 2 Share-based Payment - Amendments regarding the classification and measurement of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018).

31 DECEMBER 2017

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

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

IFRS 4	Insurance Contracts - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019).
IFRS 12	Disclosure of Interest in Other Entities - Amendments regarding the specification of the disclosure requirements for an entity's interest classified as held-for-sale, held for distribution or as a discontinued operation (effective for accounting periods beginning on or after 1 January 2017).
IFRS 15	Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018).
IFRS 16	Leases (effective for accounting periods beginning on or after 1 January 2019).
IFRS 17	Insurance Contracts (effective for accounting periods beginning on or after 1 January 2021).
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).
IAS 28	Investment in Associates - Amendments regarding the long-term interests in associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2019).

PKF
Chartered Accountants
& Business Advisors

31 DECEMBER 2017

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

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

IAS 40	Investment Property - Amendments regarding the transfer of investment property (effective for accounting periods beginning on or after 1 July 2018).
IFRIC 22	Foreign Currency Transactions and Advance Consideration (effective for accounting periods beginning on or after 1 January 2018).
IFRIC 23	Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019).

The Association has not applied IFRS 9 which has been issued but is not yet effective. Although its effect is likely to be significant, the impact cannot be determined with any degree of certainty, particularly with regard to twelve-month and life-time expected credit loss.

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.

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2. Significant Accounting Policies (Cont'd):

d) Fixed assets (cont'd) -

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.

e) Income and expenditure -

(i) Income items are dealt with as follows:

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

(i) 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.

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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:

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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.

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2. <u>Significant Accounting Policies (Cont'd)</u>:

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

Impairment of financial assets (cont'd)

ii) **Financial assets measured at cost**

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

Financial liabilities

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

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

<u>Cash and cash equivalents</u>

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.

<u>Trade receivables</u>

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.

<u>Mortgage loans</u>

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 2015, revealed that the value of the assets exceeded the liabilities by **$17,800,000**. The next actuarial valuation is due 31 December 2018.

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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:

	2017	
	Carrying Value ($)	**Fair Value ($)**
Financial Assets		
Cash and cash equivalents	6,032,174	6,032,174
Accounts receivable and prepayments	2,120,306	2,120,306
Investments	9,566,982	9,566,982
Mortgages	62,649,927	62,649,927
Financial Liabilities		
Depositors	19,154,738	19,154,738
Members/Shareholders	18,044,383	18,044,383
Accounts payable and accruals	3,627,204	3,627,204

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

	2016 Carrying Value ($)	2016 Fair Value ($)
Financial Assets		
Cash and cash equivalents	6,005,377	6,005,377
Accounts receivable and prepayments	1,374,157	1,374,157
Investments	9,920,452	9,920,452
Mortgages	56,197,046	56,197,046
Financial Liabilities		
Depositors	19,018,483	19,018,483
Members/Shareholders	15,488,516	15,488,516
Accounts payable and accruals	3,063,111	3,063,111

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.

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.

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3. <u>Financial Risk Management (Cont'd)</u>:

a) Interest rate risk (cont'd) -

iii) <u>Interest rate sensitivity analysis</u>

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.

2017

	Effective Rate	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Non-Interest Bearing ($)	Total ($)
Financial Assets						
Cash and cash equivalents	1.0%	6,032,174	-	-	-	6,032,174
Accounts receivable and prepayments	6.0%	155,230	-	-	1,965,076	2,120,306
Investments	6.0%	3,520,185	987,207	5,059,590	-	9,566,982
Mortgages	7.0%	450,816	2,222,180	59,976,931	-	62,649,927
		10,158,405	**3,209,387**	**65,036,521**	**1,965,076**	**80,369,389**
Financial Liabilities						
Depositors	1.5%	12,432,767	6,721,971	-	-	19,154,738
Members/Shareholders	5.0%	90,222	9,924,411	8,029,750	-	18,044,383
Accounts payable and Accruals	2.0%	3,627,204	-	-	-	3,627,204
		16,150,193	**16,646,382**	**8,029,750**	**-**	**40,826,325**

2016

	Effective Rate	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Non-Interest Bearing ($)	Total ($)
Financial Assets						
Cash and cash equivalents	1.0%	6,005,377	-	-	-	6,005,377
Accounts receivable and prepayments	7.0%	195,135	-	-	1,179,022	1,374,157
Investments	7.0%	3,446,685	1,410,863	5,062,904	-	9,920,452
Mortgages	7.0%	312,032	4,952,98	50,932,029	-	56,197,046
		9,959,229	**6,363,848**	**55,994,933**	**1,179,022**	**73,497,032**
Financial Liabilities						
Depositors	1.5%	8,344,282	10,253,433	420,768	-	19,018,483
Members/Shareholders	5.0%	152,017	6,134,600	9,201,899	-	15,488,516
Accounts payable and accruals	2.0%	245,138	-	-	2,817,973	3,063,111
		8,741,437	**16,388,033**	**9,622,667**	**2,817,973**	**37,570,110**

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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.

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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.

2017

-	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Total ($)
Financial Assets				
Cash and cash equivalents	6,032,174	-	-	6,032,174
Accounts receivable and prepayments	2,120,306	-	-	2,120,306
Investments	3,520,185	987,207	5,059,590	9,566,982
Mortgages	450,816	2,222,180	59,976,931	62,649,927
	12,123,481	**3,209,387**	**65,036,521**	**80,369,389**
Financial Liabilities				-
Depositors	12,432,767	6,721,971	-	19,154,738
Members/Shareholders	90,222	9,924,411	8,029,750	18,044,383
Accounts payable and accruals	3,627,204	-	-	3,627,204
	16,150,193	**16,646,382**	**8,029,750**	**40,826,325**

2016

-	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Total ($)
Financial Assets				
Cash and cash equivalents	6,005,377	-	-	6,005,377
Accounts receivable and prepayments	1,374,157	-	-	1,374,157
Investments	3,446,685	1,410,863	5,062,904	9,920,452
Mortgages	312,032	4,952,985	50,932,029	56,197,046
	11,138,251	**6,363,848**	**55,994,933**	**73,497,032**
Financial Liabilities				-
Depositors	8,344,282	10,253,433	420,768	19,018,483
Members/Shareholders	152,017	6,134,600	9,201,899	15,488,516
Accounts payable and accruals	3,063,111	-	-	3,063,111
	11,559,410	**16,388,033**	**9,622,667**	**37,570,110**

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

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.

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.

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

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:

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 2017 ($)	31 December 2016 ($)
Cash on hand	85,587	54,233
RBTT Bank Limited	1,903,790	209,237
Trinidad and Tobago Unit Trust Corporation	2,198,785	3,973,760
Guardian Asset Management	1,844,012	1,768,147
	6,032,174	**6,005,377**

As at 31 December 2017, cash and cash equivalents comprise 6.4% (2016 – 6.8%) of total assets.

6. Accounts Receivable and Prepayments:

	31 December 2017 ($)	31 December 2016 ($)
Accrued commissions and interest on loans	473,635	225,653
Interest receivable	155,231	195,135
Staff loans	69,966	48,173
Prepayments	213,171	49,245
Judgement debtors	1,205,441	471,831
Other	2,862	384,120
	2,120,306	**1,374,157**

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7. **Investments:**

	31 December 2017 ($)	2016 ($)
Available -for-Sale –		
ROYTRIN Income and Growth Fund	219,891	232,400
Held-to-Maturity –		
Caribbean Finance Company Ltd 4% - Maturity 2017	-	119,678
Caribbean Finance Company Ltd 4.25% - Maturity 2018	126,892	-
WASA South Water Project:		
Guaranteed Redeemable Fixed Rate Bond 1st Tranche 12% – Maturity 2019	472,778	709,167
Guaranteed Redeemable Fixed Rate Bond 2nd Tranche 12% – Maturity 2019	234,637	351,955
Government of Trinidad and Tobago Redeemable Floating Rate Bond 10.87% - Maturity 2017	-	20,830
WASA – Government of Trinidad and Tobago $330M Redeemable Floating Rate Bond 9.0% - 11.5% - Maturity 2021	279,792	349,741
Government of Trinidad and Tobago Fixed Bond 5.95% - Maturity April 2023	1,049,286	1,050,779
Government of Trinidad and Tobago Fixed Bond - Maturity April 2028	1,959,394	1,954,600
NIPDEC TT$750M Fixed Rate Bond 6.55% - Maturity 2030	2,050,909	2,053,590
Caribbean Finance Company Ltd 4.25% - Maturity 2017	-	1,037,602
Caribbean Finance Company Ltd 4% - Maturity 2018	1,081,701	-
Caribbean Finance Company Ltd 4.25% - Maturity 2017	-	2,040,110
Caribbean Finance Company Ltd 4% - Maturity 2018	1,091,702	-
Caribbean Finance Company Ltd 4.25% - Maturity 2018	1,000,000	-
	9,566,982	**9,920,452**

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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 2017 ($)	31 December 2016 ($)
On 97 Mortgages where the debt does not exceed **$10,000** (2016: 87)	257,495	455,032
On 15 Mortgages where the debt exceeds **$10,000** and does not exceed **$25,000** (2016: 24)	229,125	383,061
On 16 Mortgages where the debt exceeds **$25,000** and does not exceed **$50,000** (2016: 32)	573,865	971,138
On 14 Mortgages where the debt exceeds **$50,000** and does not exceed **$100,000** (2016: 22)	1,000,614	1,598,786
On 142 Mortgages where the debt exceeds **$100,000** Section 45(1) (b) (2016: 124)	61,556,080	53,453,105
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 0 Mortgages (2016: 2)	-	292,943
Total Mortgages 284 (2016: 291)	63,617,179	57,154,065
Less: Accrued interest on demand loans	(403,132)	(499,609)
Provision for doubtful loans – Principal	(564,120)	(457,410)
	62,649,927	**56,197,046**

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9. Land Loans:

	31 December 2017 ($)	31 December 2016 ($)
Balance brought forward	3,425,858	1,814,714
New loans during the year	802,000	1,935,154
Repayments during the year	(349,191)	(324,010)
Balance carried forward	**3,878,667**	**3,425,858**

10. Fixed Assets:

Cost	Freehold Properties ($)	Motor Vehicles ($)	Office Equipment ($)	Total ($)
Balance as at 1 January 2017	10,623,432	83,000	1,639,266	12,345,698
Additions	-	166,278	57,095	223,373
Disposals	-	(83,000)	(242,425)	(325,425)
Balance as at 31 December 2017	10,623,432	166,278	1,453,936	12,243,646
Accumulated Depreciation				
Balance as at 1 January 2017	-	82,999	1,344,246	1,427,245
Charge for the year	-	27,713	76,029	103,742
Disposal	-	(83,000)	(242,362)	(325,362)
Balance as at 31 December 2017	-	27,712	1,177,913	1,205,625
Net Book Value				
Balance as at 31 December 2017	**10,623,432**	**138,566**	**276,023**	**11,038,021**
Balance as at 31 December 2016	**10,623,432**	**1**	**295,020**	**10,918,453**

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10. **Fixed Assets (Cont'd):**

Cost	Freehold Properties ($)	Motor Vehicles ($)	Office Equipment ($)	Total ($)
Balance as at 1 January 2016	10,623,432	83,000	1,609,921	12,316,353
Additions	-	-	29,345	29,345
Balance as at 31 December 2016	10,623,432	83,000	1,639,266	12,345,698
Accumulated Depreciation				
Balance as at 1 January 2016	-	67,82	1,266,487	1,334,315
Charge for the year	-	15,171	77,759	92,930
Balance as at 31 December 2016	-	82,999	1,344,246	1,427,245
Net Book Value				
Balance as at 31 December 2016	**10,623,432**	**1**	**295,020**	**10,918,453**
Balance as at 31 December 2015	**10,623,432**	**15,172**	**343,434**	**10,982,038**

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11. Accounts Payable and Accruals:

	31 December 2017 ($)	2016 ($)
Trinidad and Tobago Housing Development Corporation	431,961	691,924
Mortgages approved and not disbursed	1,813,154	1,264,521
Other	1,382,089	1,106,666
	3,627,204	**3,063,111**

The Association acts as agent for the Trinidad and Tobago Housing Development Corporation (HDC) administering its mortgage loan portfolio, which amounts to approximately **$3,218,756** (2016**: $3,439,103**). The amount due to HDC represents receipts collected before deductions and charges.

12. Depositors:

	31 December 2017 ($)	2016 ($)
Special deposits	13,266,212	12,867,755
Savings deposits	5,888,526	6,150,728
	19,154,738	**19,018,483**

(i) As at 31 December 2017, total deposits to mortgage loans amount to 31% (2016: 34%).

(ii) As at 31 December 2017, deposits maturing in 2018 will amount to **$7,277,658** and deposits maturing after 31 December 2018 will amount to **$5,612,666** (2016: **$4,538,286).**

13. Unpaid Matured Shares:

	31 December 2017 ($)	2016 ($)
Amounts due for unpaid matured shares	**451,150**	**422,713**

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11. Accounts Payable and Accruals:

	31 December 2017 ($)	2016 ($)
Trinidad and Tobago Housing Development Corporation	431,961	691,924
Mortgages approved and not disbursed	1,813,154	1,264,521
Other	1,382,089	1,106,666
	3,627,204	**3,063,111**

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13. Unpaid Matured Shares:

	31 December 2017 ($)	2016 ($)
Amounts due for unpaid matured shares	**451,150**	**422,713**

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14. Members/Shareholders:

		31 December 2017 ($)		2016 ($)
Balance at beginning of year		15,488,516		12,999,074
Share purchases less withdrawals and transfers		1,747,478		1,805,679
		17,235,994		14,804,753
Dividends paid				
- 30 June – 2.5% (2016: 2.5%)	380,892		323,134	
- 31 December – 2.5% (2016: 2.5%)	427,497		360,629	
		808,389		683,763
		18,044,383		**15,488,516**
				-

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. Loan Payable:

This represented a **$5 million** loan facility granted to the Association by the National Insurance Board of Trinidad and Tobago on 22 September 2017 for the financing of the existing loan portfolio and is administered by the First Citizens Trustee Services Limited. The loan carries an interest rate of 3.5% accruing semi-annually on 4 April and 4 October. The first drawdown of **$3 million** was taken by the Association on 29 November 2017. The loan is due to mature on 4 October 2022 and it requires a bullet payment on maturity.

The facility is secured by a charge over the Government of Trinidad and Tobago 2023 bond, the National Investment and Property Development Company 2030 bond and the Government of Trinidad and Tobago 2028 bond.

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16. Interest Earned:

		31 December	
		2017 ($)	2016 ($)
Mortgages (net)		4,686,581	4,235,138
Investments	- Long-term	563,583	586,449
	- Short-term	88,413	58,664
Share loans		83,711	57,143
		5,422,288	4,937,394

17. Other Income:

	31 December	
	2017 ($)	2016 ($)
Commission		
- NHA's assisted loans	58,660	58,660
- Insurance on TBLA's mortgages	-	18,631
- NHA's soft loans (interest)	2,129	2,129
	60,789	79,420
Rent	468,903	462,636
Interest on current account	495	553
Fees	112,457	114,575
Miscellaneous/other	243,948	138,799
	886,592	795,983

18. Interest Paid:

	Simple average		31 December	
	2017 %	2016 %	2017 ($)	2016 ($)
Savings	0.5	0.5	43,309	27,254
Special deposits	2.0	2.0	289,392	245,138
Paid up shares	3.0	3.0	12,420	11,793
NIB loan	3.5	-	7,000	-
			352,121	284,185

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17. Other Expenditure:

	31 December 2017 ($)		31 December 2016 ($)	
Staff remuneration	1,479,787		1,265,373	
National Insurance contributions	92,645		78,129	
Health Scheme contribution	27,934		26,638	
Pension Fund contribution	22,270		22,846	
Direct staff costs: 41% (2016: 39%)		1,622,636		1,392,986
Staff vacation leave	53,153		31,974	
Staff expense and training	94,148		3,000	
Staff/Pensioners ex-gratia	2,250		18,129	
Staff uniforms	10,195		___	
Other staff costs: 4% (2016: 1.5%)		159,746		53,103
Total staff costs: 45% (2016: 40%)		1,782,382		1,446,089
Management expenses **(Note 20)**	1,536,617		1,410,947	
Depreciation to furniture, equipment and motor vehicles	103,742		92,930	
Other operating expenses	75,885		74,671	
Directors' fees	225,900		172,500	
Legal and professional fees	127,039		93,200	
Bank interest and charges	14,132		24,867	
Bad debts written off	106,710		267,646	
		2,190,025		2,136,761
		3,972,407		**3,582,850**

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17. Management Expenses:

	31 December 2017 ($)	31 December 2016 ($)
Telephone	70,499	64,340
Electricity	52,122	55,010
Professional services	308,592	190,944
Stamps, stationery and printing	14,772	17,761
Insurance - property	58,479	78,200
Property maintenance	295,997	232,597
Rates and taxes	83,594	12,422
Miscellaneous expenses	99,388	53,852
Insurance - equipment, burglaries, cash in transit, etc.	38,084	33,558
Advertising/Marketing/Promotion	174,054	202,915
Tea room expenses	23,145	21,533
Subscriptions and donations	29,775	18,285
Security guard cost	99,196	105,516
Transunion – Credit Investigation	19,274	14,351
Upkeep allowance	41,192	40,473
Computer software maintenance	128,454	129,213
Special events expenses	-	139,977
	1,536,617	**1,410,947**

21. Employees:

At 31 December 2017 the Association had in its employ a staff complements of 11 persons (2016: 11).

22. Contingent Liabilities:

Under the provisions of the Retrenchment and Severance Benefits Act 1985, an amount of approximately **$443,829** as at 31 December 2017 (2016: **$426,367** 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.

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23. 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 transactions with related parties and key management personnel during the year were as follows:

	31 December	
	2017	**2016**
	($)	**($)**
Assets		
Loans to key management personnel	6,667	10,667
Deposits and other liabilities		
Deposits held by directors and key management personnel	320,860	372,251
Shares held by directors and key management personnel	974,095	812,881
	1,294,955	1,185,132
Interest and other income		
Directors and key management personnel	3,187	7,100
Interest and other expenses		
Directors and key management personnel	44,753	36,739
Key management compensation		
Short-term benefits	861,856	596,679
Post employment benefits	10,926	9,726
	872,782	606,405

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24. Fair Values:

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

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

a) Current assets and liabilities -

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

b) Members' loans -

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

c) Investments -

The fair values of investments are determined on the basis of market prices available at 31 December 2017.

d) Members' deposits -

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

25. 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.

TBLA

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