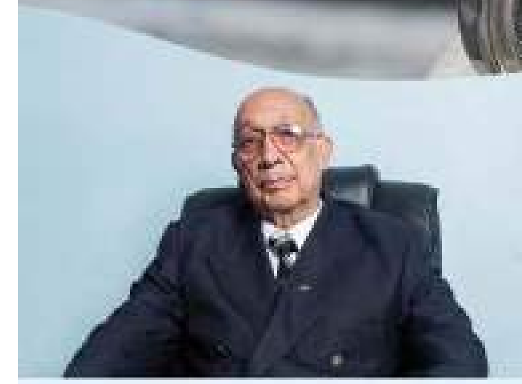
STABILITY IN A CHANGING ECONOMY

ANNUAL REPORT 2018

TBLA

THE TRINIDAD BUILDING & LOAN ASSOCIATION

Board of Directors



MR. TERRENCE 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

TBLA
THE TRINIDAD BUILDING & LOAN ASSOCIATION

TBLA

VISION

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

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

CUSTOMER CARE

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

TBLA
THE TRINIDAD BUILDING & LOAN ASSOCIATION

TBLA 128th ANNIVERSARY 1891-2019

Notice of Meeting
128th Annual Meeting

Notice is hereby given that the One Hundred and Twenty Eighth 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 11th April, 2019 at 5:30 pm** 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, 2018 and the reports of the Directors and Auditors theron.
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 Mr Stephen Allum Poon Director's who retire by rotation under Rule 4.2, being eligible, offer themselves for re-election. No other nominations have been received for the post of Director.

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

The Association's 2018 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	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	2018
Ms Joanne Prosper	April 2011	2018
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
Email: info@tblamortgages.com
Website: www.tblamortgages.com

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

Attorney-At-Law
Lex Caribbean
1st Floor, 5-7 Sweet Briar Road
St. Clair
Trinidad and Tobago, W.I
Phone (868) 628 -9255

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

Attorneys-At-Law
Wheeler & Co.
22-24 St. Vincent Street
Port of Spain
Trinidad and Tobago, W.I
Phone (868) 627 – 9014

Director's 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 2018.

Revenue and Appropriation Account		
	2018	2017
Revenue	6,391,557	6,308,880
Expenditure	4,583,943	4,324,528
Net income for the year	1,807,614	1,984,352
Impairment of Investment Income		
Net Surplus for the year	1,807,614	1,984,352
Appropriation to Dividend Reserve	(723,046)	(595,306)
The following dividends were declared:		
Interim dividends of 2.5% at 30th June (2017: 2.5%)	(395,642)	(380,892)
Final dividends of 2.75% at 31st December (2017: 2.5%)	(501,064)	(427,497)
	(896,706)	(808,389)
Balance After Appropriation and Dividends	187,862	580,657
To which was added the balance of Revenue to/		
Reserve Brought forward	24,895,689	24,248,758
Transfer Dividend Reserve	219,536	66,274
Retained Earnings carried forward	25,303,087	24,895,689

2018 SUBSCRIPTION SHARE PORTFOLIO

SUBSCRIPTION SHARES INCREASED TO
$19,330,951
FROM $18,044,383 or 7.13%

SUBSCRIPTION SHARES SOLD
220
COMPARED TO 490 IN 2017

SUBSCRIPTION SHARE VALUE MATURED
$80,424

TOTAL SHARE VALUE
$561,747
REPAID IN 2018

THE AMOUNT OF
$114,940
WAS ATTRIBUTABLE TO MATUED SHARES FROM CURRENT & PREVIOUS PERIODS.

Savings Portfolio
At the end of 2018, this portfolio amounted to $6,479,559 compared with $5,888,526 In 2017. A marginal increase of 10.3%

Special (Fixed) Deposit
Special deposits as at 31st December 2018 was $14,141,479 an increase of $875,267 or 6.60%

Mortgage Loan
The mortgage portfolio was $75.2M at 31st December 2018. New Loans disbursed in 2018 amounted to $14.6M. However, there were early repayments of $1.8M.

Interest Income
There was an increase interest income from $5.42M in 2017 to $5.65M in 2018. This was as a result of an increase on the mortgage portfolio interest, only as there was a reduction in both investment income and interest in share loans.

Total Assets
Assets increased by 7.66% from $95.3M in 2017 to $102.6M as at the end of 31st December 2018.

Net Income
In 2018, an interim dividend of 2.5% was paid and credited to share accounts at 30th June 2018, while a final dividend of 2.75% was paid and credited on 31st December 2018. Total dividend paid for the year 2018 was therefore 5.25%.

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 which the sum of $26,430 was contributed by the Association during this year (2017:$27,934).

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 2018

TERRENCE BOSWELL INNISS
President

Global Prospective

Global economic performance cooled in the third quarter of 2018, following a loss of momentum in the first half of the year. Among Advanced Economies, growth has become more uneven. The turbulent global trade environment during 2018 resulted in a loss of global growth momentum in 2018 compared to 2017.

The US economy continued to record robust growth (3.0 per cent year on year) as fiscal policy bolstered consumer spending and investment in the third quarter of 2018.

The expansion in the UK economy during the third quarter of 2018 was led by higher household consumption while In the Euro Area, the pace of economic activity eased, primarily due to softening exports.

Growth generally decelerated in Emerging Market and Developing Economies in the third and fourth quarters of 2018 primarily due to weaker demand.

In the Latin American and Caribbean region, growth has moderated amid trade tensions, volatile commodity prices and political uncertainty.

National Prospective

In Trinidad and Tobago, the energy-based recovery continued into the third quarter of 2018, but at a slower pace than the first half of the year. The observed decline in crude oil production was consistent with the maturation of the oil fields. Outside of energy, the performance of several other available indicators monitored by the Central Bank, notably in construction and distribution, remained relatively muted. Inflation is expected to remain low but the forecasted harsh dry season could lead to a rise in the cost of local produce.

There is likely to be further softening of employment conditions in 2019, given job losses following the closure of the Petrotrin refinery and reported job losses in the communications sector.Conditions in the labour market could remain challenging given ongoing adjustments in public and private sector entities, and the need for new skill sets among workers in dealing with more intense competition domestically and from external sources.

The domestic economy should receive a boost in 2019 from the anticipated start-up of the Angelin gas platform during the first quarter and other energy projects in the pipeline. This will complement the boost to the energy sector from the Juniper field.

Non-energy activity in 2019 is likely to be propelled by the seasonal acceleration in the execution of government's capital programme in the second half of the fiscal year (April-September).

There are also important downside risks in 2019 that can affect the Trinidad and Tobago economy which are related to uncertainty on the international front—including developments in nearby Venezuela, tensions among major trading nations, volatility in energy prices, Brexit, and swings in financial market earnings.

Meanwhile growth was recorded in the commercial banking and the real estate and dwellings sub-sectors of the Index, in contrast to lower activity in the insurance and non-bank financial institutions.

Liquidity levels in the financial system were higher in the second half of 2018 compared to the first half. Excess liquidity in the financial system averaged $3.9 billion daily over July to December 2018, compared with $2.6 billion daily over the first half of 2018. After signs of a recovery early in 2018, growth in private sector credit remained firm between June and November 2018.

On a year-on-year basis, lending to the consolidated financial system grew 5.8 per cent in November 2018 matching the growth rate in June 2018. The growth in consumer and real estate mortgage lending continued to shore up overall credit expansion while business lending remained subdued.

INDUSTRY REVIEW AND OUTLOOK

Real estate mortgage lending, supported by a low interest rate environment and substantial competition among banks, expanded by 8.2 per cent in November compared to 8.9 per cent in June 2018. Residential real estate mortgage loans grew in November (5.2 per cent) somewhat slower than in June 2018 (6.7 per cent), while commercial real estate mortgages expanded (14.7 per cent) in November, up from 13.7 per cent in June 2018. Interest rates on new residential real estate mortgages were more or less stable at 4.8 per cent in the third quarter of 2018 compared to 4.9 per cent in the second, while rates on new commercial mortgages eased to 6.7 per cent from 6.9 per cent.

After sixteen months of sluggish growth, business lending remained subdued in November 2018. On a year-on-year basis, lending to businesses grew by 1.8 per cent in November compared to growth of 1.1 per cent in June 2018. Disaggregated data to September 2018 showed growth in, the Other Services sector along with the Finance, Insurance and Real Estate. On the other hand, there were declines in loans to the Manufacturing sector in the third quarter 14.9 per cent following a fall of 21.1 per cent in the second quarter) on account of a falloff in lending to businesses involved in chemical and non-metallic manufacturing, while loans to the Construction sector contracted by 4.6 per cent in the third quarter compared to a decline of 4.3 per cent in the second quarter of 2018.

RESULT ANALYSIS AND OUTLOOK

The Association's net assets increased 1.96% from $51.0M to 52.0M.During 2018 the Association's debt increased by $2.0M having drawn down on the balance of the National Insurance facility negotiated in 2017. Members shareholding increased by 7.02% from $18.5M to $19.8M in 2018. This is a significant percentage reduction in member's shareholding and reflects sale of shares by members together with a reduction in the acquisition of new shares.

The Deposit portfolio increased by 7.29% from $19.2M to $20.6M and this represents the fifth consecutive year of growth continuing with the plan from 2014 to attract new fixed depositors. The Association will continue with this strategy in 2019.

The Association acquired from the local developer Microsoft Systems Design and installed new their Emortelle Software 9.1 in 2018. This was completed after a rigorous procurement exercise where three other systems were considered. The new software has improved the ability of the Association to provide quality service to members.

In 2018 the Association continued with its Human Resource development and employed a Marketing Consultant and a Mortgage and Investment Officer. These however were to fill a vacancy due to an internal promotion and a resignation.
An agreement to provide mortgage back office services for CLICO Credit Union was also signed in 2018 which cemented the relationship between the two organisations. This also provided for a new revenue stream for the Association.

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 2018.

I have served as President of the Association since 2005 and I have decided not to offer myself for re-election for that position at the next Annual Meeting as I am of the personal view that there are suitably qualified members who can bring continued leadership and growth the Association for the future and bring a new perspective to the Board. However, I will wish to continue making a contribution on the Board.

I wish to thank all stakeholders who supported me during this tenure and pledge my continued support to this organisation

Terence Boswell Inniss
President

Mortgage Department

The mortgage department continues to honour the legacy of the Association in processing applications for the provision of mortgage financing. In 2018, the Association provided financing to families in the excess of 14M for them to either purchase homes, renovate their existing properties or provide financial relief through debt consolidation.

We are in the business of increasing the quality of life of others through the improvement of their living conditions and providing them with an asset that can be used in the future.

Last year, the organisation was introduced to an upgraded software system called Emortelle. All employees were intensively trained on the workings of it. This more integrated system has the promise of increasing efficiency and better delivery of service to our members.

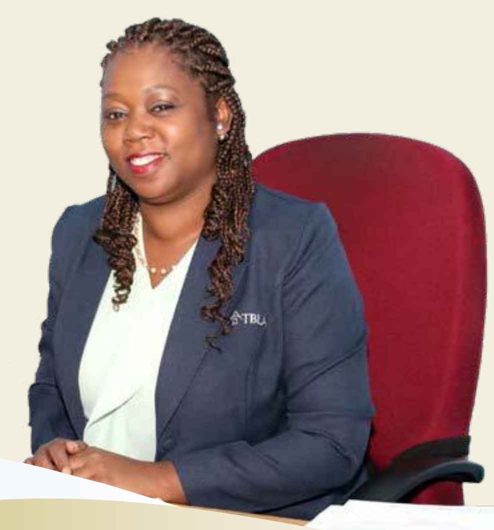
The department saw the installation of a new Manager-Mortgage and Investments, Mrs. Petrina Copeland-James. Mrs. Copeland-James previously held the position of Marketing Administrator, when she joined the Association in 2008.

In February 2018, she was appointed Manager -Mortgage and Investments Acting and was later confirmed in August of that same year.

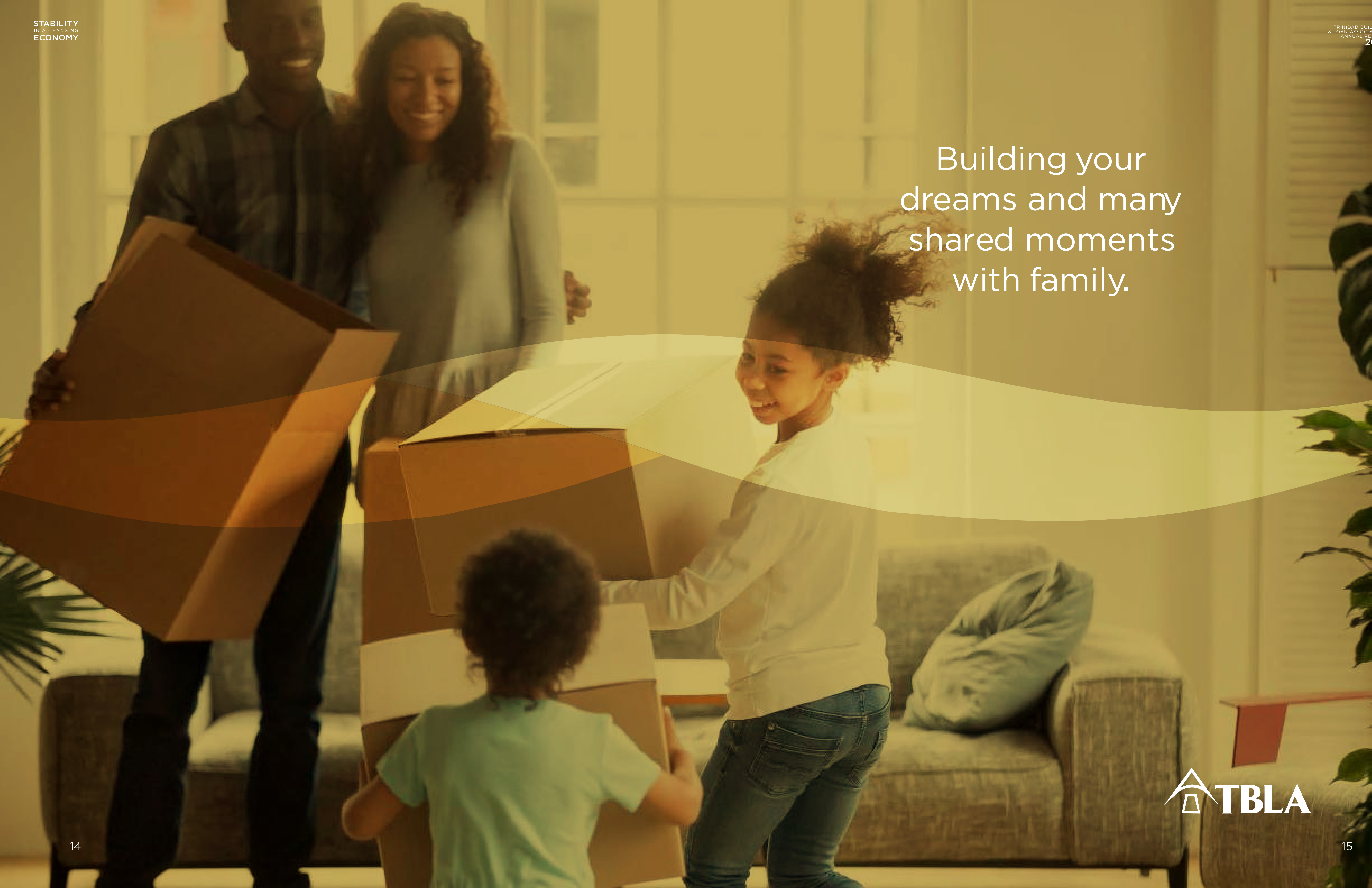
Mrs. Copeland-James assisted in raising the profile of the Association; planned and executed our many events and functions over the past years. The Association wishes her success in this demanding new role.

TBLA has been providing mortgage administrative support to CLICO Credit Union members through the processing mortgage loans directly funded by the Credit Union. In preparation with the new initiatives taking place through the TBLA/CLICO Credit Union mortgage services agreement, the mortgage department has returned to its staff complement.

With new planning initiatives on the horizon, the mortgage department strives to evolve and intend to make 2019 an even more successful year.



PETRINA COPELAND-JAMES
Manager - Mortgage and Investments



Building your dreams and many shared moments with family.

Marketing Highlights

THE TRINIDAD BUILDING & LOAN ASSOCIATION

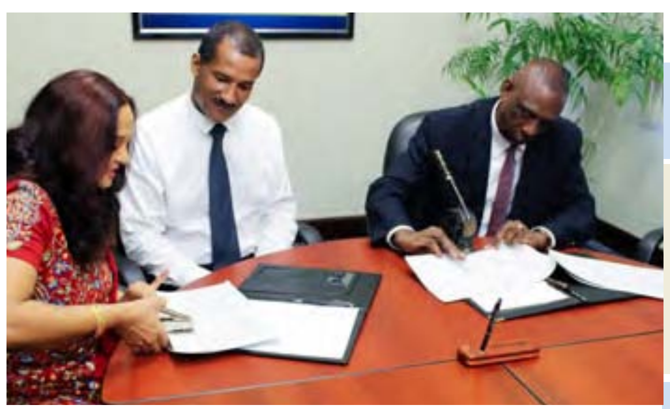
CLICO CREDIT UNION
Projecting Confidence... Inspiring Trust

November 2018 was a special month, as after two years of planning and negotiation, in a first of its kind mortgage financing partnership The Trinidad Building and Loan Association and CLICO Credit Union saw an opportunity to strategically work hand in hand to increase home ownership for its members.

The Trinidad Building and Loan Association and CLICO CCU key objective is to increase Home Ownership with the members by offering a competitive rate and up to 95% Mortgage finance.

The Trinidad Building and Loan Association are mortgage specialists in providing loans for over 125 years. This expertise also includes pre-assessment of members to ensure affordability, financial planning and an exceptional customer service from start to completion, also post exchange they are helpful in resolving any queries no matter how small a customer may have.

CLICO Credit Union Co-operative Society Limited were interested in expanding its services to members by providing residential mortgage loans.



KEY POINTS:

- The Partnership agreement is for 2 years.
- CLICO CCU Investment and Mortgage Officer to be trained and shadow TBLA staff on the process and procedures of managing and running a mortgage department.
- Three mortgages were approved from the signing of the agreement to December 2018.
- Total amount of Loan approved was in between excess of $3,000,000.00.

THE STAFF OF THE TRINIDAD BUILDING AND LOAN ASSOCIATION

MICHELLE MULCARE
MARKETING

MR. LESLIE NELSON
CEO

Accounting Team Highlights

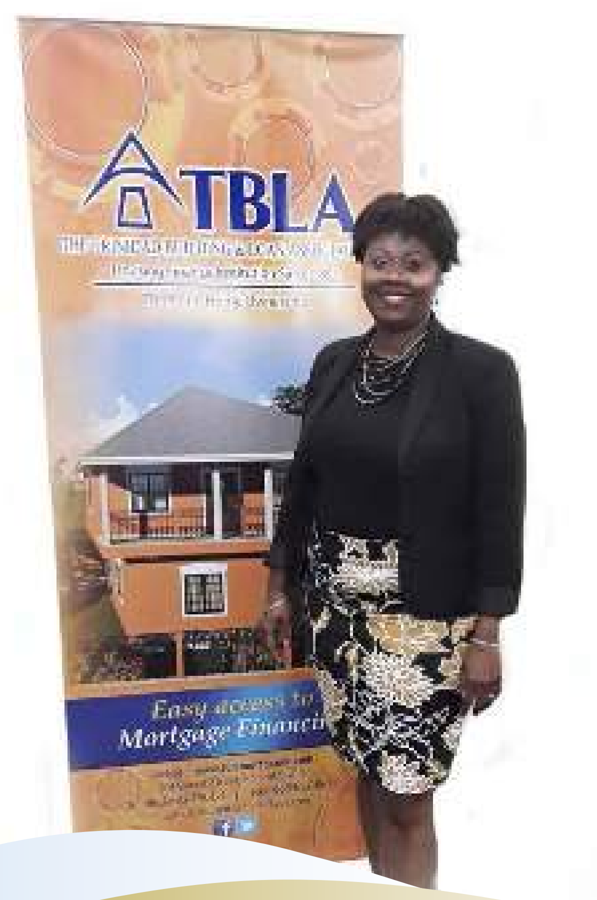
The Accounting, Operations and IT team has been instrumental in the implementation of our new Emortelle software. TBLA went live with this enhanced software in January 2018. This upgraded software is the first phase of a two phase goal by the organisation to use Financial Technology such as a mobile app and online banking as an enabler to improve our offerings to you our customers.

In 2018 we hired a new member of staff in our IT department who has already made his mark by creating a program for the organisation to efficiently manage our NHA portfolio.

In addition to our upgraded system we have also computerised the manual process used to manage our inventory.

We have also successfully rolled our IFRS9 in the organisation and meet our 2018 implementation deadline.

As a department we have embarked on process improvements which we continue into 2019. 2018 has been a great year for our team and we look forward to continue serving our members in 2019.



LUCYANN HENRY-COUCOU
ACCOUNTING

TBLA

FINANCIAL REPORT 2018

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, 2018 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.

Signed	Signed
22nd March, 2019	22nd March, 2019
Date	Date

89 Queen Janelle Commissiong Street, Port of Spain, Trinidad, West Indies. P.O. BOX 104
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INDEPENDENT AUDITORS' REPORT

PKF
Chartered Accountants
& Business Advisors

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 2018, 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 2018 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 2018 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.

Telephone: 1+ (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

INDEPENDENT AUDITORS’ REPORT continued

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.

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.

INDEPENDENT AUDITORS’ REPORT continued

Auditors’ Responsibilities for the Audit of the Financial Statements continued

- 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

22 March 2019
Barataria
TRINIDAD

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2018 ($)	2017 ($) (Re-stated)
Assets:			
Cash and cash equivalents	5	3,475,946	6,032,174
Accounts receivable and prepayments	6	2,599,918	2,120,306
Investments	7	9,745,532	9,566,982
		15,821,396	17,719,462
Mortgages	8	66,023,819	59,409,885
Land loans	9	9,194,030	7,118,709
Fixed assets	10	11,543,346	11,038,021
Total Assets		102,582,591	95,286,077
Liabilities:			
Accounts payable and accruals	11	5,317,779	3,627,204
Depositors	12	20,621,038	19,154,738
Unpaid matured shares	13	416,635	451,150
Members/Shareholders	14	19,330,951	18,044,383
Loan payable	15	5,000,000	3,000,000
Total Liabilities		50,686,402	44,277,475
Net Assets		**51,896,189**	**51,008,602**
Financed by:			
Dividend Reserve		4,409,800	3,906,290
Capital Reserve		8,570,752	8,570,752
Investment Remeasurement Reserve		(21,408)	1,913
Revenue Reserve		25,303,087	24,895,689
Special Reserve Fund		13,633,958	13,633,958
Total Funds		**51,896,189**	**51,008,602**

These financial statements were approved by the Board of Directors and authorized for issue on 22 March 2019 and signed on their behalf by

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

(The accompanying notes form part of these financial statements)

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

STATEMENT OF COMPREHENSIVE INCOME

	Notes	31 December 2018 ($)	2017 ($)
Interest earned	16	5,653,769	5,422,288
Other income	17	737,788	886,592
Total income		6,391,557	6,308,880
Interest paid	18	499,383	352,121
Other expenditure	19	4,084,560	3,972,407
Total expenditure		4,583,943	4,324,528
Net surplus for the year		1,807,614	1,984,352
Other Comprehensive Income:			
Items that will not be reclassified subsequently to profit and loss			
Net fair value loss on financial assets classified as fair value through other comprehensive income		(23,321)	(15,881)
Total comprehensive income for the year		**1,784,293**	**1,968,471**

(The accompanying notes form part of these financial statements)

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

STATEMENT OF CHANGES IN FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Dividend Reserve ($)	Capital Reserve ($)	Investments Remeasurement Reserve ($)	Revenue Reserve ($)	Special Reserve Fund ($)
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**
Balance as at 1 January 2018	3,906,290	8,570,752	1,913	24,895,689	13,633,958
Net surplus for the year				1,807,614	
Investment Re-measurement Reserve Adjustment			(23,321)		
Dividend Reserve Addition	723,046			(723,046)	
Reserve Adjustment	(219,536)			219,536	
Interim dividend June : 2.5%				(395,642)	
Final dividend December: 2.75 %	-	-	-	(501,064)	-
Balance as at 31 December 2018	**4,409,800**	**8,570,752**	**(21,408)**	**25,303,087**	**13,633,958**

(The accompanying notes form part of these financial statements)

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

STATEMENT OF CASH FLOWS

	31 December 2018 ($)	31 December 2017 ($) (Re-stated)
Cash flows from operating activities:		
Net surplus for the year	1,807,614	1,984,352
Expected credit loss	95,492	106,710
Gain on disposal of fixed assets	-	(46,937)
Depreciation	199,584	103,742
Operating profit before changes in operating assets	2,102,690	2,147,867
Net change in accounts receivable and prepayments	(479,612)	(746,149)
Net change in accounts payable and accruals	1,690,575	564,093
Net cash provided by operating activities	3,313,653	1,965,811
Cash flows from investment activities:		
	(5,315,363)	(3,692,851)
Net change in land loans	(201,871)	337,589
Net change in investments	(3,469,384)	(3,319,549)
Net change in mortgages from members	-	47,000
Proceeds from disposal of fixed assets	(704,909)	(223,373)
Fixed assets purchased		
	(9,691,527)	(6,851,184)
Net cash used in investing activities		
Cash flows from financing activities:	1,466,300	136,255
	(34,516)	28,437
Net change in depositors	1,286,568	2,555,867
Net change in members' balances	(896,706)	(808,389)
Net change in amounts due to shareholders	2,000,000	3,000,000
Dividends paid		
Loans received	3,821,646	4,912,170
Net cash provided by financing activities	(2,556,228)	26,797
Net change in cash and cash equivalents	6,032,174	6,005,377
Cash and cash equivalents, beginning of the year		
Cash and cash equivalents, end of the year	**3,475,946**	**6,032,174**

(The accompanying notes form part of these financial statements)

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2018

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).

IFRS 3 Business Combinations – Amendments to clarify the definition of a business (effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020).

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2018

2. Significant Accounting Policies continued

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 11 Joint Arrangements - Amendments resulting from remeasurement of previously held interest (effective for accounting periods beginning on or after 1 January 2019).

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 1 Presentation of Financial Statements - Amendments regarding the definition of material (effective for accounting periods beginning on or after 1 January 2020).

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

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material (effective for accounting periods beginning on or after 1 January 2020).

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).

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 TRINIDAD BUILDING AND LOAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2018

2. Significant Accounting Policies continued

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% to 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.

e) Income and expenditure -

(i) Income items are dealt with as follows:

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

(ii) Expenditure items are dealt with on the accruals basis

THE TRINIDAD BUILDING AND LOAN ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTSw

AS AT 31 DECEMBER 2018

2. Significant Accounting Policies continued

f) Financial Instruments -

All recognised financial assets that are within the scope of International Financial Reporting Standard (IFRS) 9 are required to be subsequently measured at amortised cost or fair value on the basis of:

(i) the entity's business model for managing the financial assets; and
(ii) the contractual cash flow characteristics of the financial assets.

The Association reassess its business models each reporting period to determine whether they have changed. No such changes have been identified for the current year.

Principal is the fair value of the financial asset at initial recognition. Interest is consideration for the time value of money and for credit and other risks associated with the principal outstanding. Interest also has a profit margin element.

Initial measurement

All financial instruments are initially measured at the fair value of consideration given or received.

The Association measures fair values in accordance with IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Association uses a fair value hierarchy that categorises valuation techniques into three levels:

(i) Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Assets and liabilities are classified as Level 1 if their value is observable in an active market. The use of observable market prices and model inputs, when available, reduces the need for management judgement and estimation, as well as the uncertainty related with the estimated fair value.

(ii) Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability.

(iii) Level 3 inputs are unobservable inputs. Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2018

Significant Accounting Policies continued

f) Financial Instruments continued

Subsequent measurement

Those financial assets such as members' loans and receivables, which are held within a business model with the sole objective of collecting contractual cash flows which comprise principal and interest only, are subsequently measured at amortised cost. Gains/losses arising on remeasurement of such financial assets are recognised in profit or loss as movements in Expected Credit Loss. When a financial asset measured at amortised cost is derecognised, the gain/loss is reflected in profit or loss.

Those financial assets such as bonds, which are held within a business model with the objectives of (i) collecting contractual cash flows which comprise principal and interest only, as well as (ii) selling the financial assets, are subsequently measured at Fair Value Through Other Comprehensive Income (FVTOCI). Gains/losses arising on remeasurement of such financial assets are recognised in OCI as 'Items that may be reclassified subsequently to P&L' and are called 'Net FV gain/(loss) on financial assets classified as at FVOCI'.

All other financial assets are subsequently measured at Fair Value Through Profit and Loss (FVTPL), except for equity investments, which the Association has opted, irrevocably, to measure at FVTOCI. Gains/losses arising on remeasurement of such financial assets are recognised in profit or loss as 'Net FV gain/(loss) on financial assets classified at FVTPL'. When a financial asset measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Gains/losses arising on remeasurement of equity investments, which the Association has opted, irrevocably, to measure at FVTOCI, are recognised in OCI as 'Items that may not be reclassified subsequently to P&L' and are called 'Net FV gain/(loss) on equity financial assets classified as at FVOCI'. When an equity investment measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but instead, transferred within equity.

Reclassification

If the business model under which the Association holds financial assets changes, the financial assets affected are reclassified accordingly from the first day of the first reporting period following the change in business model. Equity instruments which the Association opted to treat at FVTOCI cannot be reclassified.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2018

Significant Accounting Policies continued

Impairment

Financial assets are amortised costs are impaired at one of two levels:

(i) Twelve-month Expected credit loss (ECL) – These are losses that result from default events that are possible within twelve months after the reporting date. Such financial assets are at 'Stage 1'.

(ii) Lifetime ECL - These are losses that result from all possible default events over the life of the financial instrument. Such financial assets are at 'Stage 2' or 'Stage 3'.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the twelve-month ECL.

ECL is a probability-weighted estimate of the present value of credit losses, measured as the present value of the difference between (i) the cash flows due to the Association under contract; and (ii) the cash flows that the Association expects to receive, discounted at the asset's effective interest rate.

Performing financial assets – Stage 1
For performing assets and those expected to perform normally, the loss allowance is the 12-month expected credit loss and is done immediately at initial recognition of asset.

Significant increase in credit risk – Stage 2
When an asset becomes 30 days past due, the Association considers that a significant increase in credit risk has occurred and the asset is deemed to be at Stage 2 and the loss allowance is measured as the lifetime ECL.

Credit-impaired financial assets – Stage 3
A financial asset is 'credit-impaired' when events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about one or more of the following events:

(i) significant financial difficulty of the borrower or issuer;
(ii) a breach of contract such as a default or past due event;
(iii) granted to the borrower of a concession that the lender would not otherwise consider;
(iv) the disappearance of an active market for a security because of financial difficulties; or
(v) the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

2. Significant Accounting Policies continued

The Association assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date. There is a rebuttable presumption that financial assets that are in defaulted for more than ninety (90) days are credit impaired. The Association also considers a financial asset to be credit impaired if the borrower is unlikely to pay its credit obligation. To determine this, the Association takes into account both qualitative indicators such as unemployment, bankruptcy, divorce or death and quantitative indicators, such as overdue status. The Association used its historical experience and forward-looking information that is available without undue cost or effort. If there has been a significant increase in credit risk the Association will measure the loss allowance based on lifetime rather than twelve-month ECL

Modification and Derecognition of Financial Assets

The Association renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. This occurs particularly where, although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened. The revised terms usually include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan and /or a reduction in the amount of cash flows due. When a financial asset is modified, the Association assesses whether this modification results in derecognition of the original loan, such as when the renegotiation gives rise to substantially different terms.

In the case where the financial asset is derecognised, the new financial asset will have a loss allowance measured based on twelve-month ECL. If, however, there remains a high risk of default under the renegotiated terms, the loss allowance will be measured based on lifetime ECL.

When the modification does not result in derecognition, the Association will measure loss allowance at an amount equal to lifetime ECL.

Write-off

Loans and receivables are written off when the Association has no reasonable expectations of recovering the financial asset, for example, when the Association determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay. A write-off constitutes a derecognition event. Subsequent recoveries resulting from the Association's enforcement activities will result in gains.

Since the Association does not trade in financial liabilities, and since there are no measurement or recognition inconsistencies, all financial liabilities are initially measured at fair value, net of transaction costs and subsequently, at amortised cost using the effective interest method. The effective interest rate is the rate

that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount on initial recognition. Financial liabilities recognised at amortised cost are not reclassified.

Measurement of ECL

The key inputs used for measuring ECL are:

(i) probability of default (PD);

(ii) loss given default (LGD); and

(iii) exposure at default (EAD).

The Association measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The Association's financial instruments are grouped on the basis of shared risk characteristics, such as:

(i) credit risk grade;

(ii) collateral type;

(iii) date of initial recognition;

(iv) remaining term to maturity;

(v) industry;

(vi) geographic location of the borrower;

(vii) income bracket of the borrower; and

(viii) the value of collateral relative to the financial asset.

The groupings are reviewed on a regular basis to ensure that each grouping is comprised of homogenous exposures.

2. **Significant Accounting Policies** continued

f) **Financial Instruments** continued

Measurement of ECL (cont'd)

An analysis of the Association's credit risk exposure without taking into account the effects of collateral is provided in the following tables. The amounts in the table represent gross carrying amounts.

Loans	**Stage 1 12 mth ECL ($)**	**Stage 2 Lifetime ECL ($)**	**Stage 3 Lifetime ECL ($)**	**Total ($)**
Low risk	2,590,026	1,063,225	-	3,653,251
Medium Risk	555,006	3,096,771	52,663,880	56,315,657
Substandard	1,480,016	1,001,090	4,579,071	7,060,177
Doubtful	-	-	-	-
Impaired	-	-	-	-
Total gross carrying amount	4,625,048	5,161,086	57,242,951	67,029,085

The table below analyses the movement of the loss allowance on Loans to members at amortised cost during the year.

	Stage 1 ($)	**Stage 2 ($)**	**Stage 3 ($)**	**Total ($)**
Loss allowance, beginning of year	31,325	20,105	512,690	564,120
Transfer to stage 1	21,763	34,732	-	56,495
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Increase/decrease due to changes in credit risk	9,562	14,626	14,809	38,997
Write-offs	-	-	-	-
Loss allowance on derecognised loans	-	-	-	-
Loss allowance, end of year	**62,650**	**69,463**	**527,499**	**659,612**

f) **Significant Accounting Policies and Financial Instruments** continued

Collateral held as security

The Association holds the following types of collateral to mitigate credit risk associated with financial assets:

General loans	**Shares in the Association**
Mortgage lending *	**Deed of Mortgage on property**
Vehicle loans	**Deed of Mortgage on vehicles**

*The Association holds properties as collateral for the mortgage loans it grants to its members. The value of the collateral for mortgage loans is typically based on the collateral value at origination, updated based on changes in property prices. For credit-impaired loans, the value of collateral is based on the most recent appraisals.

Assets obtained by taking possession of collateral

The Association obtained no assets during the year by taking possession of collateral held as security against loans held at the year end. The Association's policy is to realise collateral on a timely basis.

g) 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.

h) 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.

2. Significant Accounting Policies continued

i) 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.

j) 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).

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:

	2018	
	Carrying Value ($)	**Fair Value ($)**
Financial Assets		
Cash and cash equivalents	3,475,946	3,475,946
Accounts receivable and prepayments	2,599,918	2,599,918
Investments	9,745,532	9,745,532
Mortgages and land loans	75,217,849	75,217,849
Financial Liabilities		
Depositors	20,621,038	20,621,038
Members/Shareholders	19,330,951	19,330,951
Accounts payable and accruals	5,317,779	5,317,779

3. Financial Risk Management continued

	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 and land loans	66,528,594	66,528,594
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

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 continued

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.

a) Interest rate risk (cont'd) -

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.

2018	Effective Rate	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Non-Interest Bearing ($)	Total ($)
Financial Assets						
Cash and cash equivalents	0.85-4.22%	3,475,946	-	-	-	3,475,946
Accounts receivable and prepayments	0.0%	-	-	-	2,599,918	2,599,918
Investments	2.7-12%	4,342,445	1,392,511	4,010,576	-	9,745,532
Mortgages and land loans	5-13.0%	464,186	1,306,805	73,446,858	-	75,217,849
		8,282,577	2,699,316	77,457,434	2,599,918	91,039,245
Financial Liabilities						
Depositors	05.5.25%	17,192,440	2,469,021	959,577	-	20,621,038
Members/Shareholders	5.25%	91,466	12,069,329	7,170,156	-	19,330,951
Accounts payable and Accruals	2.0%	5,317,779	-	-	-	5,317,779
		22,601,685	14,538,350	8,129,733	-	45,269,768

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 and land loans	7.0%	450,816	2,222,180	63,855,598	-	66,528,594
		10,158,405	3,209,387	68,915,188	1,965,076	84,248,056
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

b) Credit risk -

Credit risk is the risk that a member will default on his contractual obligations resulting in financial loss to the Association. Credit risk mainly arises from loans, and because it represents the Association's main income generating activity, credit risk is the principal risk for the Association.

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.

3. Financial Risk Management continued

Credit risk management

The Association's credit committee is responsible for managing the Association's credit risk by:

(i) ensuring that the Association has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Association's policies and procedures, International Financial Reporting Standards and relevant supervisory guidance.

(ii) identifying, assessing and measuring credit risk across the Association, from an individual financial instrument to the portfolio level.

(iii) creating credit policies to protect the Association against the identified risks, including the obtaining collateral from borrowers, performing robust ongoing credit assessment of borrowers, and continually monitor exposures.

(iv) as far as possible, limiting concentrations of exposure by type of loan, industry, credit rating, geographic location, etc.

(v) establishing a robust control mechanism for loan approval.

(vi) categorising exposures according to the degree of risk of default.

(vii) developing and maintaining processes for measuring ECL.

(viii) providing guidance to promote best practice in the management of risk.

The internal audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

Significant increase in credit risk

The Association presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than thirty (30) days past due, unless the Association has reasonable and supportable information that demonstrates otherwise. The Association has monitoring procedures to ensure that significant increase in credit risk is identified before default occurs.

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.

3. Financial Risk Management continued

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.

c) Liquidity risk continued

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.

2018

	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Total ($)
Financial Assets				
Cash and cash equivalents	3,475,946	-	-	3,475,946
Accounts receivable and prepayments	2,599,918	-	-	2,599,918
Investments	4,342,445	1,392,511	4,010,576	9,745,532
Mortgages and land loans	464,186	1,306,805	73,446,858	75,217,849
	10,882,495	**2,699,316**	**77,457,434**	**91,039,245**
Financial Liabilities				
Depositors	17,192,440	2,469,021	959,577	20,621,038
Members/Shareholders	91,466	12,069,329	7,170,156	19,330,951
Accounts payable and accruals	5,317,779	-	-	5,317,779
	22,601,685	**14,538,350**	**8,129,733**	**45,269,768**

c) **Liquidity risk** continued

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 and land loans	450,816	2,222,180	63,855,598	66,528,594
	12,123,481	**3,209,387**	**68,915,188**	**84,248,056**
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**

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 Fair Value through Profit and Loss, Fair Value through Other Comprehensive Income or Amortised Cost.

ii) Which depreciation method for fixed assets is used.

iii) Business model assessment:

The Association reassess its business models each reporting period to determine whether they continue to be appropriate and if there need to be a prospective change to the classification of financial assets. This assessment includes judgement regarding:
- how the performance of the assets is evaluated and measured; and
- the risks that affect the performance of the assets and how these risks are managed.

iv) Significant increase of credit risk:
The Association computes twelve-month ECL for Stage 1 assets and lifetime ECL for Stage 2 or Stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Assessing whether there has been a significant increase in credit risk required judgement takes into account reasonable and supportable forward-looking information.

v) Establishing groups of assets with similar credit risk characteristics:
When ECL is measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Association monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. Judgement is required in determining whether and when to move assets between portfolios.

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

vi) Valuation models and assumptions used:
The Association uses various valuation models and assumptions in measuring the fair value of financial assets, as well as in estimating ECL. Judgement is applied in identifying the most appropriate valuation model for each type of asset, as well as in determining the assumptions to be used for each model.

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) Probability of default (PD)

PD is an estimate of the likelihood of default over a given period of time, the calculation of which includes historical data, assumptions and expectations of future conditions. PD constitutes a key input in measuring ECL.

iii) Loss Given Default (LGD):

LGD is an estimate of the percentage loss arising on default, and is based on the difference between the contractual cash flows due and those that the Association would reasonably expect to receive, taking into account cash flows from collateral. It requires forecasting the future valuation of collateral taking into account sale discounts, the time and cost associated with realising collateral and seniority of claim. LGD is a key input in measuring ECL.

iv) Fair value measurement and valuation process

In estimating the fair value of a financial asset or a liability, the Association uses market-observable data to the extent it is available. Where such Level 1 inputs are not available, the Association uses valuation models to determine the fair value of its financial instruments.

v) Exposure at Default (EAD)

EAD is an estimate of the total loss incurred when a member defaults, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest. EAD is a key input in measuring ECL.

vi) 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	
	2018 ($)	**2017 ($)**
Cash on hand	39,255	85,587
RBTT Bank Limited	692,187	1,903,790
Trinidad and Tobago Unit Trust Corporation	839,992	2,198,785
Guardian Asset Management	1,904,512	1,844,012
	3,475,946	**6,032,174**

As at 31 December 2018, cash and cash equivalents comprise 3.4% (2017 – 6.4%) of total assets.

6. Accounts Receivable and Prepayments:

	31 December	
	2018 ($)	**2017 ($)**
Accrued commissions and interest on loans	837,170	473,635
Interest receivable	109,793	155,231
Staff loans	98,886	69,966
Prepayments	64,606	213,171
Judgement debtors	844,782	1,205,441
Other	644,681	2,862
	2,599,918	**2,120,306**

7. Investments:

	31 December 2018 ($)	2017 ($)
Financial assets at fair value through other comprehensive income –		
ROYTRIN Income and Growth Fund	729,567	219,891
Amortised Cost –		
Caribbean Finance Company Ltd 4.25% - Maturity 2020	134,959	-
Caribbean Finance Company Ltd 4.25% - Maturity 2018	-	126,892
WASA South Water Project:		
Guaranteed Redeemable Fixed Rate Bond 1st Tranche 12.00% – Maturity 2019	236,389	472,778
Guaranteed Redeemable Fixed Rate Bond 2nd Tranche 12.00% – Maturity 2019	117,318	234,637
WASA – Government of Trinidad and Tobago $330M Redeemable Floating Rate Bond 9.00% - 11.50% - Maturity 2021	209,843	279,792
Government of Trinidad and Tobago Fixed Bond 5.95% - Maturity April 2023	1,047,709	1,049,286
Government of Trinidad and Tobago Fixed Bond - Maturity April 2028	1,962,516	1,959,394
NIPDEC TT$750M Fixed Rate Bond 6.55% - Maturity 2030	2,048,060	2,050,909
Caribbean Finance Company Ltd 4.25% - Maturity 2019	1,124,969	-
Caribbean Finance Company Ltd 4.00% - Maturity 2018	-	1,081,701
Caribbean Finance Company Ltd 4.00% - Maturity 2018	-	1,091,702
Caribbean Finance Company Ltd 4.25% - Maturity 2019	1,091,702	-
Caribbean Finance Company Ltd 4.25% - Maturity 2018	-	1,000,000
Caribbean Finance Company Ltd 4.25% - Maturity 2019	1,042,500	-
	9,745,532	9,566,982

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 2018 ($)	2017 ($) (Re-stated)
On 28 Mortgages where the debt does not exceed **$10,000** (2017: 28)	462,568	257,495
On 31 Mortgages where the debt exceeds **$10,000** and does not exceed **$25,000** (2017: 15)	566,148	229,125
On 12 Mortgages where the debt exceeds **$25,000** and does not exceed **$50,000** (2017: 16)	409,400	573,865
On 17 Mortgages where the debt exceeds **$50,000** and does not exceed **$100,000** (2017: 14)	900,402	1,000,614
On 153 Mortgages where the debt exceeds **$100,000** Section 45(1) (b) (2017: 142)	64,690,567	58,316,038
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 (2017: 0)	-	-
Total Mortgages 241 (2017: 215)	67,029,085	60,377,137
Less: Accrued interest on demand loans	(345,653)	(403,132)
Allowance for Expected Credit Loss	(659,613)	(564,120)
	66,023,819	**59,409,885**

Allowance for expected credit loss -

	2018	2017
Balance brought forward	564,120	457,410
Additional expected credit loss	95,492	-
Bad debts written-off	-	106,710
Balance carried forward	659,612	564,120

9. Land Loans:

	31 December 2018 ($)	31 December 2017 ($) (Re-stated)
Balance brought forward	7,118,709	5,351,774
New loans during the year	2,402,000	2,116,126
Repayments during the year	(326,679)	(349,191)
Balance carried forward	**9,194,030**	**7,118,709**

10. Fixed Assets:

Cost	Freehold Properties ($)	Motor Vehicles ($)	Office Equipment and Fittings ($)	Total ($)
Balance as at 1 January 2018	10,623,432	166,278	1,453,936	12,243,646
Additions	-	-	704,909	704,909
Reclassification	(223,432)	-	223,432	-
Balance as at 31 December 2018	10,400,000	166,278	2,382,277	12,948,555
Accumulated Depreciation				
Balance as at 1 January 2018	-	27,712	1,177,913	1,205,625
Charge for the year	-	41,569	158,015	199,584
Balance as at 31 December 2018	-	69,281	1,335,928	1,405,209
Net Book Value				
Balance as at 31 December 2018	10,400,000	96,997	1,046,349	11,543,346
Balance as at 31 December 2017	10,623,432	138,566	276,023	11,038,021

10. Fixed Assets (Cont'd):

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

11. Accounts Payable and Accruals:

	31 December 2018 ($)	31 December 2017 ($)
Trinidad and Tobago Housing Development Corporation	596,000	431,961
Mortgages approved and not disbursed	4,585,433	1,813,154
Other	136,346	1,382,089
	5,317,779	**3,627,204**

The Association acts as agent for the Trinidad and Tobago Housing Development Corporation (HDC) administering its mortgage loan portfolio, which amounts to approximately $2,369,146 (2017: $3,218,756). The amount due to HDC represents receipts collected before deductions and charges.

12. Depositors:

	31 December 2018 ($)	31 December 2017 ($)
Special deposits	14,141,479	13,266,212
Savings deposits	6,479,559	5,888,526
	20,621,038	19,154,738

(i) As at 31 December 2018, total deposits to mortgage loans amount to 31% (2017: 31%).

(ii) As at 31 December 2018, deposits maturing in 2019 will amount to $10,712,881 and deposits maturing after 31 December 2019 will amount to $2,469,021 (2017: $5,612,666).

13. Unpaid Matured Shares:

	31 December 2018 ($)	31 December 2017 ($)
Amounts due for unpaid matured shares	416,635	451,150

14. Members/Shareholders:

	31 December 2018 ($)	31 December 2017 ($)
Balance, beginning of year	18,044,383	15,488,516
Share purchases less withdrawals and transfers	389,862	1,747,478
	18,434,245	17,235,994
Dividends paid		
- 30 June – 2.5% (2017: 2.5%)	395,642	380,892
- 31 December – 2.75% (2017: 2.5%)	501,064	427,497
	896,706	808,389
Balance, end of year	**19,330,951**	**18,044,383**

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 represents 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 loan was taken by the Association via two drawdowns. The first was received on 29 November 2017 and the second drawdown was received on 6 July 2018. 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.

16. Interest Earned:

	31 December 2018 ($)	31 December 2017 ($)
Mortgages (net)	4,959,096	4,686,581
Investments - Long-term	510,031	563,583
- Short-term	107,882	88,413
Share loans	76,760	83,711
	5,653,769	5,422,288

17. Other Income:

	31 December 2018 ($)	31 December 2017 ($)
Commission		
- NHA's assisted loans	58,567	58,660
- Insurance on TBLA's mortgages	18,000	-
- NHA's soft loans (interest)	2,125	2,129
	78,692	60,789
Rent	390,642	468,903
Interest on current account	359	495
Fees	120,052	112,457
Miscellaneous/other	148,043	243,948
	737,788	886,592

18. Interest Paid:

	Simple average		31 December	
	2018	2017	2018	2017
	%	%	($)	($)
Savings	0.5	0.5	63,192	43,309
Special deposits	2.0	2.0	285,002	289,392
Paid up shares	3.0	3.0	11,772	12,420
NIB loan	3.5	3.5	139,417	7,000
			499,383	**352,121**

19. Other Expenditure:

	31 December	
	2018	**2017**
	($)	**($)**
Staff remuneration	1,679,775	1,479,787
National Insurance contributions	113,208	92,645
Health Scheme contribution	26,430	27,934
Pension Fund contribution	32,289	22,270
Direct staff costs: 46% (2017: 41%)	1,851,702	1,622,636
Staff vacation leave	8,121	53,153
Staff expense and training	49,745	94,148
Staff/Pensioners ex-gratia	2,750	2,250
Staff uniforms	13,170	10,195
Other staff costs: 2% (2017: 4%)	73,786	159,746
Total staff costs: 48% (2017: 45%)	1,925,488	1,782,382
Management expenses (Note 20)	1,358,877	1,536,617
Depreciation to furniture, equipment and motor vehicles	199,584	103,742
Other operating expenses	75,138	75,885
Directors' fees	240,200	225,900
Legal and professional fees	173,591	127,039
Bank interest and charges	16,190	14,132
Expected credit loss	95,492	106,710
	2,159,072	2,190,025
	4,084,560	3,972,407

20. Management Expenses:

	31 December	
	2018	**2017**
	($)	**($)**
Telephone	66,904	70,499
Electricity	56,247	52,122
Professional services	114,084	308,592
Stamps, stationery and printing	27,318	14,772
Insurance - property	58,479	58,479
Property maintenance	187,402	295,997
Rates and taxes	81,309	83,594
Miscellaneous expenses	137,952	99,388
Insurance - equipment, burglaries, cash in transit,	49,576	38,084
Advertising/Marketing/Promotion	219,592	174,054
Tea room expenses	37,228	23,145
Subscriptions and donations	35,102	29,775
Security guard cost	95,536	99,196
Transunion – Credit Investigation	12,030	19,274
Upkeep allowance	26,892	41,192
Computer software maintenance	153,226	128,454
	1,358,877	**1,536,617**

21. Employees:

At 31 December 2018, the Association had in its employ a staff complements of 14 persons (2017: 11).

22. Contingent Liabilities:

Under the provisions of the Retrenchment and Severance Benefits Act 1985, an amount of approximately $601,342 as at 31 December 2018 (2017: $443,829) 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.

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

	31 December	
	2018 ($)	2017 ($)
Assets		
Loans to key management personnel	46,729	6,667
Deposits and other liabilities		
Deposits held by directors and key management personnel	1,480,667	320,860
Shares held by directors and key management personnel	1,143,961	974,095
	2,624,628	1,294,955
Interest and other income		
Directors and key management personnel	24,970	3,187
Interest and other expenses		
Directors and key management personnel	55,481	44,753
Key management compensation		
Short-term benefits	857,212	861,856
Post employment benefits	13,914	10,926
	871,126	872,782

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 2018.

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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