THE TRINIDAD BUILDING & LOAN ASSOCIATION

Housing Finance Institution Since 1891

Thrift and Home Ownership

ANNUAL REPORT

2023

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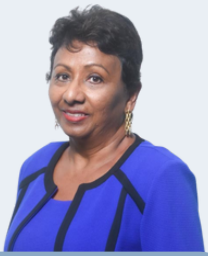
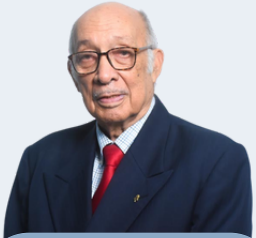
BOARD OF DIRECTORS



Bliss Seepersad
PRESIDENT

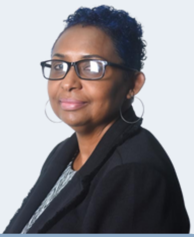
Stephen Allum Poon
VICE PRESIDENT

Jo-Anne Julien
EX-OFFICIO/COUNSEL



Terence B. Inniss
DIRECTOR

Leslie Clarke
DIRECTOR



Joanne Prosper
DIRECTOR

Warren Sookdar
DIRECTOR

Anne Marie James
DIRECTOR

Anthony Campbell
DIRECTOR

Christopher Lewis
SECRETARY

VISION

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

MISSION

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

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

NOTICE OF MEETING

Notice is hereby given that the One Hundred and Thirty-Third Annual Meeting of The Trinidad Building & Loan Association (TBLA) will be held at the Head Office of the Association at 89 Queen Janelle Commissiong Street, Port-of-Spain on **Thursday 2nd May 2024 at 2:00 p.m.** for the following purposes:-

Namely:

1. To receive and consider the Financial Statements and the General Statement of the Affairs of the Association under the Building Societies Act, Ch.33:04 for the year ended December 31, 2023, 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 arise directly from the consideration of the Annual Report.

Mr. Warren Sookdar, Ms. Joanne Prosper and Mr. Anthony Campbell – Directors who retire by rotation under Rule 4.2, being eligible, offer themselves for re-election.

A bonafide member can attend and vote at the meeting and 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 2023 Financial Report can be collected at the Association's office or downloaded online from the Association's website at www.tblamortgages.com

In accordance with the Association's Rule 9.9 as to quorum is limiting attendance to ten (10) people to be physically present at the Head Office for the Annual Meeting.

Members are invited to join and participate in the meeting virtually and must register by **Tuesday 30th April 2024 at 4:00 p.m. via the link https://bit.ly/3TT9fTM**

BY ORDER OF THE BOARD

Christopher Lewis
Secretary

PRESIDENT'S REPORT

Economic Growth Outlook

Global growth, estimated at 3.2 percent in 2023, is projected to continue at the same pace in 2024 and 2025. The forecast for 2024 has been revised up by 0.1 percentage point from the January 2024 World Economic Outlook (WEO) Update, and by 0.3 percentage point from the October 2023 WEO. This pace of expansion is low by historical standards, owing to both near-term factors, such as still-high borrowing costs and withdrawal of fiscal support, and longer-term effects from the COVID-19 pandemic, Russia's invasion of Ukraine, ongoing military action in Palestine; weak growth in productivity; and increasing geoeconomic fragmentation. Global headline inflation is expected to fall from an annual average of 6.8 percent in 2023 to 5.9 percent in 2024 and 4.5 percent in 2025, with advanced economies returning to their inflation targets sooner than emerging markets and developing economies. The latest forecast for global growth five years from now––at 3.1 percent––is at its lowest in decades. The pace of convergence toward higher living standards for middle and lower-income countries has slowed, implying a persistence in global economic disparities.

As the global economy approaches a soft landing, the near-term priority for central banks is to ensure that inflation touches down smoothly, by neither easing policies prematurely nor delaying too long and causing target undershoots. At the same time, as central banks take a less restrictive stance, a renewed focus on implementing medium-term fiscal consolidation to rebuild room for budgetary maneuvers and priority investments, and to ensure debt sustainability, is in order. Cross-country differences call for tailored policy responses. Intensifying supply-enhancing reforms would facilitate inflation and debt reduction, allow economies to increase growth toward the higher pre-pandemic era averages, and accelerate convergence toward higher income levels. Multilateral cooperation is needed to limit the costs and risks of geoeconomic fragmentation and climate change, speed the transition to green energy, and facilitate debt restructuring.

(Source: International Monetary Fund (IMF)).

National Prospective

Domestically, the Gross Domestic Product at constant prices (real GDP) expanded in the first quarter of 2023. This was driven mainly by the output in the non-energy sector. Preliminary indicators suggest that the domestic economic activities in the sector remained robust throughout the second and third quarters for 2023, whilst the energy sector waned.

President's Report (Cont'd)

Headline inflation slowed significantly during the second half of 2023, as price increases for both food and non-food items slowed. Excess liquidity supported credit growth of 7.2 per cent during the second half of 2023. This excess averaged $5.5B daily compared to $5.1B in the prior year.

The Central Bank repo rate remained unchanged at 3.50 per cent, to support the domestic economic recovery efforts.

Economic activity is expected to see improvements in 2024 by continued sustained efforts in the non-energy sector. There is an expected continued strengthening in business activity along with robust and increased consumer demands to help bolster this sector. However, the impact of global climate change, the possibilities of higher utility rates and the re-introduction of property taxes could potentially result in an upwards tracking domestic inflation rate.

(Source: Central Bank of Trinidad and Tobago (CBTT))

Industry review and Outlook

Private sector credit showed steady growth in fiscal 2023, fueled primarily by non-bank financial institution lending increasing by 17.7 per cent from a 4.4 per cent in the prior year. This boost was supported by increased lending to businesses and consumers and a slower decline in real estate mortgage loans. The expansion in this sector was backed by a 6.9 per cent year-on-year increase in credit granted by commercial banks. This expansion was mainly attributed to the uptick in consumer lending and real estate mortgages which partially offset declines in commercial credit.

The recovery of the non-bank consumer lending was fueled by home improvement and renovations accounting for 16.7 per cent of overall lending and less than 10 per cent for mortgages.

President’s Report (Cont’d)

The low interest rate environment resulted in continued demand for real estate mortgages. Year-on-year, commercial banks saw a 6.4 per cent growth, whilst the non-bank real estate mortgage lending facilities, including the Building Societies experienced a contraction of 2.8 per cent, compared to a contraction of 9.8 per cent in prior year. The aggressive nature of the commercial banks together with non-equity output required by consumers (100 per cent financing) resulted in consumers moving their mortgage facility from non-banking lending institutions to the commercial banks.

The weighted average rate on new residential mortgages domestically fell to 4.97 per cent in 2023, which was 7 basis points less than prior year. Similarly, the weighted average rate on outstanding residential mortgages declined by 4 basis points to 5.23 per cent, due to restructuring of existing mortgage facilities.

Results Analysis and Outlook

It is noteworthy that the Association celebrates its 133rd Anniversary this year. It has gone through two World Wars, 2 pandemics, countless economic upturns and downs turns. Through it all we have stayed true to our Motto “Let your rent pay your mortgage,” encouraging thrift and financial responsibility.

The Association’s net assets decreased by 1.6% from $55.4M to $54.6M, with no further increase in its debts. This is primarily as a consequence of a decline in the value of the Association’s building by $1M after being declared a National Heritage Site.

Our existing debt to the National Insurance Board for the sum of $5M remained a liability and its obligations of interest payment were fulfilled timely. The expected repayment date of this facility is in October 2028. Funding for all loans provided were from internally generated cashflows. Members shareholding decreased by 15.9% from $19.5M to $16.4M in 2023. This has created an opportunity for us to market our Subscription Shares as an attractive investment opportunity for individuals and we are seeing increased interest in our shares which is being managed to protect our members.

The Deposit portfolio increased by 6.4% from $19.5M to $20.7M. This increase is due to the Association’s ongoing marketing efforts to attract new investors and sustain renewal of current investments. The Delinquency of loans improved over the year from a high of 10% at the beginning of the year to 9%.

President’s Report (Cont’d)

Net Surplus for the year ending December 31, 2023, was $1.2M, which was 24% less than 2023.

The Association made an industry leading, regular dividend payout of 5.0% in 2023, and increase from 2022. In addition, in June 2023, the Association made a one-time special (or extra-ordinary) dividend payout of 5.0% to existing shareholders at that time. Members should note that the last time such a payout was done was in the 1990s – which emphasizes the fact that members should not expect regular declarations of such Special dividends. None the less our usual level of dividend payments provide an attractive rate of return.

Your Directors are all committed to the continued success of the Association as we continue to play our part in providing attractive investment and savings options for our members and assist in our members realsing their goal of home ownership in a responsible manner.

Bliss Seepersad
President

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 2023

Revenue and Appropriation Account

	2023	2022
Revenue	6,152,904	6,130,602
Expenditure	4,976,064	4,681,365
Net Income for the year	1,176,840	1,449,237
Net Surplus for the year	1,176,840	1,449,237
Appropriation to Dividend Reserve	(353,052)	(434,771)
The following dividends were declared:		
Interim dividends:		
- 2.5% at 30 June (2022: 2.0%)	(411,919)	(381,240)
Extraordinary Special Dividend: 5.0%	(785,847)	-
Final dividends		.
- 2.5% at 31 December (2022: 2.5%)	(387,252)	(465,462)
Total dividends declared	(1,585,018)	(846,702)
Balance After Appropriation and Dividends	(761,230)	167,764
To which was added the balance of:		
Revenue Reserve Brought forward	27,422,869	27,133,022
Transfer Dividend Reserve	235,368	122,083
Retained Earnings carried forward	27,658,237	27,422,869

Directors' Report (Cont'd)

Subscription Shares

The Subscription Share portfolio decreased from $19.5M to $16.4M in 2023, with 752 shares being sold. Shares maturing in 2023 amounted to $6.2M, with $5.9M being disbursed.

Savings Portfolio

At the end of 2023, this portfolio amounted to $6.5M compared with $5.9M in 2022. An increase of 9.0%.

Special (Fixed) Deposits

Special deposits as at 31st December 2023 was $13.31M, an increase of $0.64M or 5.0%.

Mortgage Loan

The mortgage portfolio was $74.5M at 31st December 2023. New Loans disbursed in 2023 amounted to $9.2M. However, there were repayments, early and amortised of $8.3M.

Interest Income

There was an increase in interest income from $5.4M in 2022 to $5.5M in 2023. This was a result of a stabilization of the portfolio and an increase in new mortgages to the portfolio.

Total Assets

Assets decreased by 1.90% from $105M in 2022 to $103M as at 31st December 2023. This decline is primarily due to a valuation decline of $1M for the Association's property and repayment of matured shares to shareholders.

Net Income

In 2023, an interim dividend of 2.5% was paid and credited to the share accounts at 30th June 2023, while a final dividend of 2.5% was paid and credited on 31st December 2023. After careful consideration the Directors declared an Extraordinary dividend of 5.0% from the Dividend Reserve at 30th June 2023. The last extraordinary dividend payment was in the 1990s. Total dividend paid for the year 2023 was therefore 10.0%

Group Health and Accident Insurance Plan

This plan was established in 1966 and is operated on a 60% (company): 40% (employee) contributory basis for the benefit of the staff and to which the sum of $28,114 was contributed by the Association during this year (2022: $31,721)

Auditors

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

FINANCIAL STATEMENTS

2023

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, 2023 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;
- electing 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
Date: April 09, 2024

Signed
Date: April 09, 2024

Independent Auditor's 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 2023, 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 material 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 2023 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 2022 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: (868) 235-5063
Address: 111 Eleventh Street, Barataria, Trinidad, West Indies
Mailing Address: PO Box 10205, Eastern Main Road, San Juan

Directors: Renee-Lisa Philip Mark K. Superville Jenine Felician-Romain Darcel Corbin

Independent Auditor's Report ... cont'd

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 Auditor's Report ... cont'd

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.

Report on Other Legal and Regulatory Requirements

In accordance with Section 45(2) of the Building Societies Act Chapter 33:04, we

i verified that the accompanying financial statements are correct, duly vouched, and in accordance with law.

ii inspected
- the mortgage deeds and other securities belonging to the society; or
- copies thereof certified correct by the Attorney-at-Law who prepared the same and the Registrar General's receipts for their registration, where such mortgage deeds or securities have been registered with the Registrar General.

(ii) state one hundred and seventy-three (173) as the number of properties with respect to which we have certified in accordance with paragraph (ii), that we inspected the mortgage deeds and other securities or copies thereof.

PKF

Barataria
TRINIDAD
09 April 2023

Statement of Financial Position

	Notes	31 December 2023 ($)	2022 ($)
Assets:			
Cash and cash equivalents	5	10,148,082	9,702,227
Accounts receivable and prepayments	6	1,151,516	1,335,491
Investments	7	6,798,187	9,203,895
		18,097,785	20,241,613
Mortgages	8	67,944,550	67,191,837
Land loans	9	6,603,278	6,385,049
Fixed assets	10	10,133,043	11,143,085
Right of use of assets	11	29,774	-
Total Assets		102,808,430	104,961,584
Liabilities:			
Accounts payable and accruals	12	4,627,436	4,433,657
Lease Liability	11	25,446	-
Depositors	13	20,726,935	19,472,843
Unpaid matured shares	14	1,514,293	1,176,402
Members/Shareholders	15	16,363,761	19,452,557
Loan payable	16	5,000,000	5,000,000
Total Liabilities		48,257,871	49,535,459
Net Assets		**54,550,559**	**55,426,125**
Financed by:			
Dividend Reserve		5,633,402	6,276,948
Capital Reserve		7,570,752	8,570,752
Investment Remeasurement Reserve		54,210	(478,402)
Revenue Reserve		27,658,237	27,422,869
Special Reserve Fund		13,633,958	13,633,958
Total Funds		**54,550,559**	**55,426,125**

These financial statements were approved by the Board of Directors and authorised for issue on 09 April, 2024 and signed on their behalf by

President **Secretary**

(The accompanying notes form part of these financial statements)

Statement of Comprehensive Income

		31 December	
		2023 ($)	2022 ($)
Interest earned	17	5,534,927	5,423,678
Other income	18	617,977	706,924
Total income		6,152,904	6,130,602
Interest paid	19	590,689	569,873
Other expenditure	20	4,385,375	4,111,492
Total expenditure		4,976,064	4,681,365
Net surplus for the year		1,176,840	1,449,237
Other Comprehensive Income:			
Items that will not be reclassified subsequently to profit and loss			
Net fair value gain on financial assets classified as fair value through other comprehensive income		532,612	(900,001)
Total comprehensive income for the year		**1,709,452**	**549,236**

Statement of Changes in Funds

For the year ended 31 December 2023

	Dividend Reserve ($)	Capital Reserve ($)	Investment Remeasurement Reserve ($)	Revenue Reserve ($)	Special Reserve Fund ($)
Balance as at 1 January 2022	5,964,260	8,570,752	421,599	27,133,022	13,633,958
Total comprehensive income for the year	-	-	(900,001)	1,449,237	-
Dividend Reserve Additions	434,771	-	-	(434,771)	-
Reserve Adjustment	(122,083)			122,083	-
Interim dividend June: 2.0%	-	-	-	(381,240)	-
Final dividend December: 2.5%	-	-	-	(465,462)	
Balance as at 31 December 2022	**6,276,948**	**8,570,752**	**(478,402)**	**27,422,869**	**13,633,958**
Balance as at 1 January 2023	6,276,948	8,570,752	(478,402)	27,422,869	13,633,958
Total comprehensive income for the year	-	-	532,612	1,176,840	-
Revaluation of Building	-	(1,000,000)	-		-
Dividend Reserve Additions	353,052	-	-	(353,052)	-
Reserve Adjustment	(996,598)	-	-	996,598	-
Interim dividend June: 2.5%	-	-	-	(411,919)	-
Special Approved Dividend		-	-	(785,847)	-
Final dividend December: 2.5%	-	-	-	(387,252)	-
Balance as at 31 December 2023	**5,633,402**	**7,570,752**	**54,210**	**27,658,237**	**13,633,958**

(The accompanying notes form part of these financial statements)

Statement of Cash Flows

	2023 ($)	2022 ($)
Cash flows from operating activities:		
Net surplus for the year	1,176,840	1,449,237
Expected credit loss on financial assets - mortgages	208,340	(363,223)
Expected credit loss on financial assets - investments	525	-
Depreciation - lease asset	2,091	-
Interest portion of lease liability	442	-
Depreciation - fixed assets	131,152	153,756
Operating profit before changes in operating assets	1,519,390	1,239,770
Net change in accounts receivable and prepayments	183,975	254,423
Net change in accounts payable and accruals	193,779	320,022
Net cash provided by operating activities	1,897,144	1,814,215
Cash flows from investment activities:		
Net change in land loans	(218,229)	836,817
Net change in investments	2,937,795	1,706,281
Net change in mortgages from members	(961,053)	1,096,685
Lease assets additions	(31,865)	-
Fixed assets additions	(121,110)	(53,369)
Net cash provided by investing activities	1,605,538	3,586,414
Cash flows from financing activities:		
Net change in depositors	1,254,092	(1,476,317)
Net change in members' balances	337,891	621,064
Net change in amounts due to shareholders	(3,088,796)	(1,917,784)
Dividends paid	(1,585,018)	(846,702)
Net cash used in financing activities	(3,056,827)	(3,619,739)
Net change in cash and cash equivalents	445,855	1,780,890
Cash and cash equivalents, beginning of the year	9,702,227	7,921,337
Cash and cash equivalents, end of the year	**10,148,082**	**9,702,227**

(The accompanying notes form part of these financial statements)

Notes to the Financial Statements

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 Janelle Commissiong Street, Port of Spain.

2. Summary of Material 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 investments and certain other financial instruments.

b) Use of estimates -

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

c) New Accounting Standards and Interpretations -

i. The Association has applied the following standard that has been issued and effective as they do apply to the activities of the Association:

IAS 1 - Presentation of Financial Statements
Amendments regarding the disclosure of accounting policies (effective for accounting periods beginning on or after 1 January 2023). The Association is now required to disclose its accounting policy information instead of its accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial. The amendments also indicates that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

ii. The Association has not applied the following standards, revised standards and interpretations that have been issued but are not yet effective as they:

- do not apply to the activities of the Association;
- have no material impact on its financial statements; or
- have not been early adopted by the entity.

2. Summary of Material Accounting Policies (Cont'd)

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

IFRS 4	Insurance Contracts - Amendments regarding IFRS 17 and the extension of the temporary exemption from applying IFRS 9 (effective for accounting periods beginning on or after 1 January 2023).
IFRS 16	Leases - Amendments clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale (effective for accounting periods beginning on or after 1 January 2024).
IFRS 17	Insurance Contracts (effective for accounting periods beginning on or after 1 January 2023).
IAS 1	Presentation of Financial Statements - Amendments regarding non-current liabilities with covenants (effective for accounting periods beginning on or after 1 January 2024).
IAS 7	Statement of Cash Flows – Amendments to address disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk (effective for accounting periods beginning on or after 1 January 2024).
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (effective for accounting periods beginning on or after 1 January 2023).
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective for accounting periods beginning on or after 1 January 2023).
IAS 12	Income Taxes – Amendments to introduce an exception to the requirements in the standard that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes (effective for accountability periods beginning on or after 1 January 2023).
IAS 21	Effects of Changes in Foreign Exchange rates – Amendments to lack of exchangeability. (effective for accountability periods beginning on or after 1 January 2023).

2. Summary of Material Accounting Policies (Cont'd)

d) Fixed assets -

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

Office equipment and fittings	-	20%	Motor vehicles	-	25%
Computer equipment	-	20% to 33 1/3%	Machines	-	10%
Office furniture	-	15%			

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) Financial Leases -

A lease is the right to control the use of an identified asset for a period of time in exchange for consideration. If a lease exists, a lease liability is determined by discounting the lease payments using the interest rate inherent in the lease or the Company's incremental borrowing rate. The lease liability is subsequently affected by interest on the lease, lease payments made and remeasurement on account of changes in the lease payment.

A right of use asset (RoUA) is determined at the amount equivalent to the lease liability adjusted for any lease payments made at or before the commencement date, any initial direct costs and any asset dismantling costs, if such a liability exists. The entity uses the cost model where the right of use asset will be subsequently depreciated in accordance with IAS 16.

The RoUA is depreciated over the life of the lease

Notes to the Financial Statements

2. Summary of Material Accounting Policies (Cont'd)

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.

2. Summary of Material Accounting Policies (Cont'd)

f) Financial Instruments (cont'd) -

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'*

*A*ll 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.

2. Summary of Material Accounting Policies (Cont'd)

f) Financial Instruments (cont'd) -

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;

2. Summary of Material Accounting Policies (Cont'd)

f) Financial Instruments (cont'd) -

Credit-impaired financial assets – Stage 3 (cont'd)

(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.

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.

The Society's financial assets at amortised cost include the cash and cash equivalents, trade and other receivables, investments and Mortgages and land loans.

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, theAssociation 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.

2. Summary of Material Accounting Policies (Cont'd)

f) Financial Instruments (cont'd) -

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.

Notes to the Financial Statements

2. Summary of Material Accounting Policies (Cont’d)

f) Financial Instruments (cont’d) -

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	62,830,252	-	-	62,830,252
Medium risk	-	-	-	-
Substandard	-	-	1,177,845	1,177,845
Doubtful	-	-	816,407	816,407
Impaired	-	365,178	10,432,467	10,797,645
Total gross carrying amount	**62,830,252**	**365,178**	**12,426,719**	**75,622,149**
		-		

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	12,173	-	853,809	865,982
Increase/(decrease) due to change in credit risk Write-offs	6,102	12,675	189,563	208,3340
				-
Write-offs	-	-	-	-
Loss allowance on derecognised loans	-	-	-	-
	18,275	**12,675**	**1,043,372**	**1,074,322**

Notes to the Financial Statements

2. Summary of Material Accounting Policies (Cont'd)

f) Financial Instruments (cont'd) -

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

*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 the following 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.

Shares	-
Property	2,150,000
Motor Vehicles	-
Total assets obtained by taking possession of collateral	**2,150,000**

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.

Financial liabilities

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.

Notes to the Financial Statements

2. Summary of Material Accounting Policies (Cont'd)

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.

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 dated 20 September 2022, which was carried out as at 31 December 2021, revealed that the value of the assets exceeded the liabilities by **$22,106,000**.

j) Income and expenditure -

(i) Income items are dealt with as follows:

- Mortgage interest, investments, bank deposits and savings revenues are dealt with on the accruals basis. Non-performing loans are amounts for which interest no longer continues to be accrued and taken into income on an ongoing basis because there is doubt as to the recoverability of the loans. Income from non-performing loans is taken into income on a cash basis after 3 months, but only after prior specific provisions for losses have been made.
- Other income is dealt with on the receipts basis.

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

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.

Notes to the Financial Statements

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 income 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:

	2023	
	Carrying Value ($)	**Fair Value ($)**
Financial Assets		
Cash and cash equivalents	10,148,082	10,148,082
Accounts receivable and prepayment	1,151,516	1,151,516
Investments	6,798,187	6,798,187
Mortgages and land loans	74,547,828	74,547,828
Financial Liabilities		
Accounts payable and accruals	4,627,436	4,627,436
Depositors	20,726,935	20,726,935
Members/Shareholders	16,363,761	16,363,761
	25,446	25,446

	2022	
	Carrying Value ($)	**Fair Value ($)**
Financial Assets		
Cash and cash equivalents	9,702,227	9,702,227
Accounts receivable and prepayment	1,335,491	1,335,491
Investments	9,203,895	9,203,895
Mortgages and land loans	73,576,886	73,576,886
Financial Liabilities		
Accounts payable and accruals	4,433,657	4,433,657
Depositors	19,472,843	19,472,843
Members/Shareholders	19,452,557	19,452,557

3. Financial Risk Management

Financial risk factors (cont'd) -

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 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 deposits and members' shares.

iii) Interest rate sensitivity analysis

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

3. Financial Risk Management

Financial risk factors (cont'd) -

iii) Interest rate sensitivity analysis (Cont'd)

2023

	Effective Rate	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Non-Interest Bearing ($)	Total ($)
Financial Assets						
Cash and cash equivalents	0.00-1.61%	10,148,082	-	-	-	10,148,082
Accounts receivable and prepayments	0.0%	-	-	-	1,151,516	1,151,516
Investments	1.50-6.55%	2,837,334	3,960,853	-	-	6,798,187
Mortgages and land loans	5.00-12.50%	62,611	4,867,782	69,617,435	-	74,547,828
		13,048,027	**8,828,635**	**69,617,435**	**1,515,516**	**92,645,613**
Financial Liabilities						
Accounts payable and accruals	0.25-4.25%	-	-	-	4,627,436	4,627,436
Depositors	0.25-3.50%	20,726,935	-	-	-	20,726,935
Members/Shareholders	5.0%	52,885	95,678	16,215,198	-	16,363,761
		20,779,820	**95,678**	**16,215,198**	**4,627,436**	**41,718,132**

2022

	Effective Rate	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Non-Interest Bearing ($)	Total ($)
Financial Assets						
Cash and cash equivalents	0.00-1.61%	9,702,227	-	-	-	9,702,227
Accounts receivable and prepayments	0.0%	-	-	-	1,335,491	1,335,491
Investments	1.50-6.55%	5,243,122	3,960,773	-	-	9,203,895
Mortgages and land loans	5.00-12.50%	1,248,312	5,442,403	66,886,171	-	73,576,886
		16,193,661	**9,403,176**	**66,886,171**	**1,335,491**	**96,468,593**
Financial Liabilities						
Accounts payable and accruals	0.25-3.50%	-	-	-	4,433,657	4,433,657
Depositors	0.25-3.50%	19,472,843	-	-	-	19,472,843
Members/Shareholders	4.5%	75,699	525,341	18,851,517	-	19,452,557
		19,548,542	**525,341**	**18,851,517**	**4,433,657**	**43,359,057**

3. Financial Risk Management

Financial risk factors (cont'd) -

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.

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.

Notes to the Financial Statements

3. Financial Risk Management

Financial risk factors (cont'd) -

b) Credit risk (cont'd) -

Credit risk management (cont'd)

(iv) 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.

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

(vi) 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.

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

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

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

(x) developing and maintaining processes for measuring ECL.

(xi) 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.

Notes to the Financial Statements

3. Financial Risk Management

Financial risk factors (cont'd) -

c) Liquidity risk (cont'd)

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 deposits and shares.

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

(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.

	2023			
	Up to 1 year ($)	**1 to 5 years ($)**	**Over 5 years ($)**	**Total ($)**
Financial Assets				
Cash and cash equivalents	10,148,082	-	-	10,148,082
Accounts receivable and prepayments	1,151,516	-	-	1,151,516
Investments	2,837,334	3,960,853	-	6,798,187
Mortgages and land loans	62,611	4,867,782	69,617,435	74,547,828
	14,199,543	**8,828,635**	**69,617,435**	**92,645,613**
Financial Liabilities				
Accounts payable and accruals	4,627,436	-	-	4,627,436
Depositors	20,726,935	-	-	20,726,935
Members/Shareholders	52,885	95,678	16,215,198	16,363,761
	25,407,256	**95,678**	**16,215,198**	**41,718,132**

3. Financial Risk Management

Financial risk factors (cont'd) -

c) Liquidity risk (cont'd)

(ii) Liquidity gap (cont'd)

	2022			
	Up to 1 year ($)	1 to 5 years ($)	Over 5 years ($)	Total ($)
Financial Assets				
Cash and cash equivalents	9,702,227	-	-	9,702,227
Accounts receivable and prepayments	1,335,491	-	-	1,335,491
Investments	5,243,122	3,960,773	-	9,203,895
Mortgages and land loans	1,248,312	5,442,403	66,886,171	73,576,886
	17,529,152	**9,403,176**	**66,886,171**	**93,818,499**
Financial Liabilities				
Accounts payable and accruals	4,433,657	-	-	4,433,657
Depositors	19,472,843	-	-	19,472,843
Members/Shareholders	75,699	525,341	18,851,517	19,452,557
	23,892,199	**525,341**	**18,851,517**	**43,359,057**

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 Judgements:

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 Judgements (cont'd)

iv) 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, theAssociation 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.

Notes to the Financial Statements

5. Cash and Cash Equivalents

	2023 ($)	2022 ($)
Cash on hand	40,000	40,000
First Citizens Bank Limited	1,173,285	1,166,504
RBTT Bank Limited	765,964	904,160
Trinidad and Tobago Unit Trust Corporation	6,113,524	6,032,146
First Citizens Bank Limited - Abercrombie Fund	500,970	-
Guardian Asset Management	1,584,339	1,559,417
	10,148,082	**9,702,227**

As at 31 December 2023, cash and cash equivalents comprise 10% (2022 – 9%) of total assets.

6. Accounts Receivable and Prepayments

	31 December 2023 ($)	31 December 2022 ($)
Accrued commissions and interest on loans	254,195	1,034,590
Interest receivable	574,429	73,564
Staff loans	40,919	36,970
Prepayments	21,216	38,503
Judgement debtors	338,132	315,028
Other	(77,375)	(163,164)
	1,151,516	**1,335,491**

7. Investments

	31 December 2023 ($)	31 December 2022 ($)
Financial assets at fair value through other comprehensive income –		
ROYTRIN Income and Growth Fund	2,682,031	4,052,104
Amortised Cost –		
Caribbean Finance Company Ltd 4.25% - Maturity May '20	155,828	150,579
Government of Trinidad and Tobago	-	-
Fixed Bond 5.95% - Maturity April '23	-	1,040,439
Government of Trinidad and Tobago Fixed Bond - Maturity April '28	1,980,494	1,976,557
NIPDEC TT$750M Fixed Rate Bond 6.55% - Maturity April '30	2,030,912	2,034,769
Expected credit loss	(51,078)	(50,553)
	6,798,187	**9,203,895**

Allowance for expected credit loss -

	2023	2022
Balance brought forward	50.553	50.553
Change in expected credit loss	525	-
Balance carried forward	**51,078**	**50,553**

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	
		2023 ($)	**2022 ($)**
On 55	Mortgages where the debt does not exceed $10,000 (2022: 53)	101,415	86,754
On 15	Mortgages where the debt exceeds $10,000 and does not exceed $25,000 (2022: 14)	291,093	274,863
On 16	Mortgages where the debt exceeds $25,000 and does not exceed $50,000 (2022: 14)	575,745	525,987
On 11	Mortgages where the debt exceeds $50,000 and does not exceed $100,000 (2022: 19)	834,300	1,303,171
On 142	Mortgages where the debt exceeds $100,000 Section 45(1) (b) (2022: 142)	67,458,375	66,141,347
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 (2022: 0)	-	-
	Total Mortgages 239 (2022: 242)	69,260,928	68,332,122
Less:	Accrued interest on demand loans	(242,056)	(274,303)
	Allowance for Expected Credit Loss	(1,074,322)	(865,982)
		67,944,550	**67,191,837**

Allowance for expected credit loss -

	2023 ($)	2022 ($)
Balance brought forward	865,982	1,229,205
Change in expected credit loss	208,340	(363,223)
Bad debts written-off	-	-
	-	-
Balance carried forward	1,074,322	865,982

Notes to the Financial Statements

8. Mortgages cont'd

The probabilities of various outcomes were taken into consideration in the estimations used to calculate the Expected Credit Loss (ECL) for 2022 and 2023. A major factor was the economic environment which was negatively impacted by low oil prices and the COVID-19 pandemic.

9. Land Loans

	31 December 2023 ($)	31 December 2022 ($)
Balance brought forward	6,385,049	7,221,866
New loans during the year	218,229	-
Repayments during the year	-	(836,817)
Balance carried forward	**6,603,278**	**6,385,049**

10. Fixed Assets

Cost	**Freehold Properties ($)**	**Motor Vehicles ($)**	**Office Equipment and Fittings ($)**	**Total ($)**
Balance as at 1 January 2023	10,400,000	166,278	2,793,709	13,359,987
Additions	-	-	121,110	121,110
Revaluation	(1,000,000)			(1,000,000)
Balance as at 31 December 2023	9,400,000	166,278	2,914,819	12,481,097
Accumulated Depreciation				
Balance as at 1 January 2023	-	166,275	2,050,627	2,216,902
Charge for the year	-	-	131,152	131,152
Balance as at 31 December 2023	-	166,275	2,181,779	2,348,054
Net Book Value				
Balance as at 31 December 2023	**9,400,000**	**3**	**733,040**	**10,133,043**
Balance as at 31 December 2022	**10,400,000**	**3**	**743,082**	**11,143,085**

Notes to the Financial Statements

10. Fixed Assets cont'd

Cost	Freehold Properties ($)	Motor Vehicles ($)	Office Equipment and Fittings ($)	Total ($)
Balance as at 1 January 2022	10,400,000	166,278	2740,340	13,306,618
Additions	-	-	53,369	53,369
Balance as at 31 December 2022	10,400,000	166,278	2,793,709	13,359,987
Accumulated Depreciation				
Balance as at 1 January 2022	-	166,275	1,896,871	2,063,146
Charge for the year	-	-	153,756	153,756
Balance as at 31 December 2022	-	166,275	2,050,627	2,216,902
Net Book Value				
Balance as at 31 December 2022	**10,400,000**	**3**	**743,082**	**11,143,085**
Balance as at 31 December 2021	**10,400,000**	**3**	**843,469**	**11,243,472**

Notes to the Financial Statements

11. Lease Assets / Liabilities

The Association has as a lessee lease contracts for office equipment. Other equipment generally have lease terms between 3 and 5 years. The Association's obligations under its leases are secured by the lessor's title to the leased assets. This lease contract is for 3 years.

Right of Use Asset:

Cost	**Office Equipment and Fittings ($)**
Balance as at 1 January 2023	-
Renewals	-
Additions for the period	31,865
Disposals for the period	-
	31,865
Accumulated Depreciation	
Balance as at 1 January 2023	-
Renewals	-
Charge for the year	2,091
Disposals for the year	-
	2,091
Net Book Value	
Balance as at 31 December 2023	**29,774**
Balance as at 31 December 2022	-

Lease Liability:

Balance, 1 January 2023	
Renewals	-
Additions	32,266
Disposals	-
Payments	(7,262)
Interest	442
Balance, 31 December 2023	**25,446**

12. Accounts Payable and Accruals

	31 December 2023 ($)	31 December 2022 ($)
Trinidad and Tobago Housing Development Corporation	861,270	634,446
Accruals	765,274	905,368
Holding Accounts	939,493	919,175
Deposit clearing	1,295,182	1,294,626
Other	766,217	680,042
	4,627,436	**4,433,657**

The Association acts as agent for the Trinidad and Tobago Housing Development Corporation (HDC) administering its mortgage loan portfolio, which amounts to approximately **$1,691,767** (2021: **$1,767,692**). The amount due to HDC represents receipts collected before deductions and charges.

13. Depositors

	31 December 2023 ($)	31 December 2022 ($)
Special deposits	13,312,290	12,674,406
Savings deposits	7,414,645	6,798,437
	20,726,935	**19,472,843**

i) As at 31 December 2023, total deposits to mortgage loans amount to **30.4%** (2022: 29%).

ii) As at 31 December 2023, deposits maturing in 2024 will amount to **$11,069,416** and deposits maturing after 31 December 2024 will amount to **$2,242,874** (2022: **$7,097,448**).

14. Unpaid Matured Shares

	31 December 2023 ($)	31 December 2022 ($)
Amounts due for unpaid matured shares	**1,514,293**	**1,176,402**

15. Members/Shareholders

	31 December 2023 ($)	31 December 2022 ($)
Balance, beginning of year	19,452,557	20,486,886
Share purchases less withdrawals and transfers	(4,673,814)	(1,881,031)
	14,778,743	**18,605,855**
Dividends paid		
- 30 June – 2.5% (2022: 2.0%)	411,919	381,240
. 30 June - 5.0%	785,847	-
- 31 December – 2.5% (2022: 2.5%)	387,252	465,462
	1,585,018	846,702
Balance, end of year	**16,363,761**	**19,452,557**

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.

16. 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 carried an interest rate of 3.5% accruing semi-annually on 4 April and 4 October. The loan matured on 4 October 2022.

The loan facility was renewed on 4 October 2022 at an interest rate of 4.25% accruing semi-annually on 4 April and 4 October and matures on 4 October 2027.

The facility is secured by a charge over the National Investment and Property Development Company 2030 bond, the Government of Trinidad and Tobago 2028 bond and TT$1.5M security on Trinidad and Tobago Unit Trust Corporation Second Unit Scheme.

Notes to the Financial Statements

17. Interest Earned

		31 December 2023 ($)	31 December 2022 ($)
Mortgages (net)		5,043,206	4,926,558
Investments	- Long-term	333,775	341,760
	-Short-term	96,985	99,262
Share loans		60,961	56,098
		5,534,927	**5,423,678**

18. Other Income

	31 December 2023 ($)	31 December 2022 ($)
Commission		
- NHA's assisted loans	21,000	31,500
Rent	416,231	417,808
Processing fees	87,214	70,486
Other fees	93,532	187,130
	617,977	**706,924**

19. Interest Paid

	Simple average 2023 %	Simple average 2022 %	31 December 2023 ($)	31 December 2022 ($)
Savings	0.5	0.5	32,793	33,585
Special deposits	1.0	1.0	286,339	346,473
Paid up shares	3.0	3.0	7,160	4,264
DSP	5.0	4.5	31,897	(3,821)
NIB loan	4.25	3.5	232,500	189,372
			590,689	**569,873**

Notes to the Financial Statements

20. Other Expenditure

	31 December 2023 ($)		2022 ($)	
Staff remuneration	1,656,647		1,823,046	
National Insurance contributions	149,512		123,069	
Health Scheme contribution	28,114		31,721	
Pension Fund contribution	26,071		27,695	
Direct staff costs: 42.4% (2022: 49%)		1,860,344		2,005,531
Staff vacation leave	28,979		(13,638)	
Staff expense and training	54,761		74,410	
Staff/Pensioners ex-gratia	-		-	
Staff uniforms	22,800		18,800	
Other staff costs: 2.4% (2022: 1.8%)		106,540		79,572
Total staff costs: 55.2% (2022: 49.2%)		1,966,884		2,085,103
Management expenses (Note 21)	1,292,762		1,734,297	
Depreciation to furniture, equipment and motor vehicles	133,243		153,756	
Other operating expenses	247,956		58,259	
Directors' fees	364,815		229,200	
Legal and professional fees	161,504		204,737	
Bank interest and charges	9,346		9,363	
Expected credit loss	208,865		(363,223)	
		2,418,491		2,026,389
		4,385,375		**4,111,492**

Notes to the Financial Statements

21. Management Expenses

	31 December 2023 ($)	2022 ($)
Telephone	70,272	77,069
Electricity	52,310	50,856
Professional services	224,760	224,759
Stamps, stationery and printing	18,253	71,320
Insurance - property	60,150	55,137
Property maintenance	149,500	482,233
Rates and taxes	24,756	22,500
Miscellaneous expenses	13,605	104,654
Insurance - equipment, burglaries, cash in transit, etc.	26,997	42,345
Advertising/Marketing/Promotion	248,607	217,593
Tea room expenses	23,093	23,834
Subscriptions and donations	35,168	28,576
Security guard cost	87,756	83,700
Transunion	12,364	12,103
Upkeep allowance	18,000	15,000
Travelling	174,452	171,391
Computer software maintenance	52,719	51,227
	1,292,762	**1,734,297**

22. Employees

At 31 December 2023, the Association had in its employ a staff complement of 13 persons (2022: 12).

23. Contingent Liabilities

Under the provisions of the Retrenchment and Severance Benefits Act 1985, an amount of approximately **$1,084,805** as at 31 December 2023 (2022: **$1,395,007**) 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.

Notes to the Financial Statements

24. 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	
	2023 ($)	2022 ($)
Assets		
Loans to key management personnel	-	4,150
Deposits and other liabilities		
Deposits held by directors and key management personnel	2,235,171	2,335,187
Shares held by directors and key management personnel	534,053	1,110,566
	2,769,224	3,445,753
Interest and other income		
Directors and key management personnel	90,114	60,248
Interest and other expenses		
Directors and key management personnel	62,369	53,893
Key management compensation		
Short-term benefits	914,380	1,024,858
Post employment benefits	-	-
	914,380	**1,024,858**

25. 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 2023.

d) Deposits -

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.

26. 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.

27. Events After the Reporting Date

There were no events after the reporting period which were material to the financial statements and should have resulted in adjustments to the financial statements or disclosures when the financial statements were authorised for issue.

VISION

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

MISSION

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

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

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