SUPERVISORY COMMITTEE CONT'D

At the Committee's first meeting held on Saturday March 27th 2010, Mr. Kester Husbands was elected to the position of Chairman and Ms. Cynthia Kennedy to the position of Secretary. Thereafter, the Committee met monthly to review and examine matters integral to the Society's operations and wellbeing pursuant to the interests of the General Membership. In addition, an open invitation was issued to the Committee by the Board of Directors to have a representative attend its monthly meetings, an invitation which was honoured. The Committee takes the opportunity in this report to extend its sincere appreciation to the Board for the courtesy extended.

BALANCE SHEET

The period under review continued to witness a decline of the Institution's Assets as reflected on the Balance Sheet on a comparative basis with the previous year. It is the view of the Supervisory Committee that this situation can be attributed to the meteoric rise in funds collected by the Society from members as a result of the closure of BWIA and the accompanying VSEP payments. This event, what can be referred to as an artificial growth in the Society's asset size emerged as a result. Furthermore, the financial challenges currently being faced by many members have prompted the "non-rolling" over of funds into the fixed deposit instrument thus negatively impacting the Institution's cash resources.. Additionally, the widespread declines in interest rates in the market, coupled with a decline in earnings on equity investment, have all served to worsen the current situation. Despite these challenges however, Aero Services remains on a sound financial footing.

The Board of Directors must be congratulated on having successfully effected cost-containment measures during the annual period of operations, as well as ensuring the Institution's overall financial wellbeing, given the significant challenges negatively affecting the national economy in which Aero Services is an active player in its financial domain. In summary, what the Society is undergoing during this period is an adjustment to an artificial growth pattern experienced as a result of a huge infusion of funds resulting from gratuity payments made to members arising out of the BWIA/CAL transition.

DELINQUENCY

The scourge of delinquency is an undesirable aspect of the operations of any financial Institution and, Aero Services is no exception. Multiple examinations of the Society's delinquency portfolio reports prompted inquiries regarding some anomalies during the course of the Committee's audits. As a result the Supervisory Committee recommends that much greater focus be devoted by the new Board of Directors to this critical aspect of the Society's affairs. The I.T. platform which provides the data requires revisiting with a view to improving the accuracy and usefulness of the reports which it generates.

LOANS TO DIRECTORS, OFFICERS AND STAFF

Audits were conducted on the accounts (Shares, Loans, Fixed Deposits) of all members of the above captioned category and, with the exception of a single instance; the records of all others concerned reflected no discrepancies as per the existing loan policy and statutory procedures regarding loans to elected Officers of the Society.

STAFF AND ADMINISTRATION

In today's highly competitive business world the universally accepted "mantra" relevant to all Organizations, is that its most important asset is its "Human Resources". This advocacy is even more importantly so, with respect to Aero Services, which prides itself as a customer focused customer driven Organization enriching the lives of its members and their families.

In our audit scope, the Committee noted the disquiet and tension which existed between many members of staff and the Institution's former General Manager. This was evidenced by the

SUPERVISORY COMMITTEE

employees seeking redress by trade union representation, and the uplifting of said concerns via formal correspondence to the Supervisory Committee, for its meaningful intervention and resolution. That document as submitted, was authorized by the majority of employees, as signatures would attest. These concerns were immediately brought to the attention of the Board of Directors for urgent and remedial action in the shortest possible time.

On another matter, disciplinary action was served on the General Manager. She resigned thereafter from the Society's employ.

At the point of writing this report to the Annual General Meeting, a selection to fill the position of General Manager was accomplished by the Board. This recruitment would bring the necessary leadership and guidance as required

ASSET REGISTER AND INVESTMENT SCHEDULE:

Audits of the Society's records of the above captioned coupled with random matching relevant to the asset register for accuracy, yielded no material discrepancies.

PETTY CASH AUDIT:

Audits of the Petty Cash were conducted and, no discrepancies were discovered. Vouchers and receipts were properly filed in date sequence and cash counts revealed no discrepancies.

AUDIT OF STATUTORY DEDUCTIONS:

During the period under review an audit was undertaken on remittances of statutory payments to the state i.e. Income Taxes and N.I.S. The Committee was satisfied that these remittances were undertaken on a timely basis.

ACKNOWLEDGEMENT:

As the outgoing Chairman of the Committee I wish to express my sincere and enthusiastic thanks to member Ms. Cynthia Kennedy for the tremendous contribution she has made to assist the Committee in delivering its mandate. Ms. Kennedy has served her third consecutive term as a member of the Society's Supervisory Committee and, in keeping with the Bye-Laws of the Institution has now become statute barred. I wish to also thank fellow member Mr. Anthony Mora for his support and valuable contribution to the Committee's efforts during its tenure. More importantly, the Committee thanks You the members for giving us the opportunity to serve this noble Institution which we collectively own.

Respectfully submitted,

Kester Husbands

....

Kester Husbands (Mr.)
Chairman.

EDUCATION COMMITTEE REPORT

Committee

The following members were selected to serve on the Education Committee;

Ms. Anne-Marie Donawa	- Chairman
Ms. Gwendolyn Daniel	- Secretary
Mr. Richard Prescod	- Member
Mrs. Fern Frampton-Strachan	- Member
Mrs. Carol John-Williams	- Member
Mr. Courtney Demming	- Board Representative

EDUCATION COMMITTEE CONT'D

The Education Committee had an effective 2010, which began with the re-introduction of the "Aero-bits" Newsletter.

The Annual Secondary Entrance Assessment (S.E.A.) and Higher Education Incentive (H.E.I.) Awards ceremony was held on September 29, 2010. This year's guest speaker Dr. Deryck Chunisingh, was himself, a former S.E.A. and H.E.I. Awardee.
Master of Ceremonies, our very own Simon Fabien, kept us entertained in his usual humorous manner.
This year the following Awards were presented:-

S.E.A.	-	20 Girls / 20 Boys
CSEC (CXC)	-	7 Students
C.A.P.E.	-	6 Students

The 60th Anniversary Organizing Committee held an Essay Writing Competition and the four winners were also announced at the Awards function.

In celebration of Credit Union Day on October 21, 2010, members visiting ASCU office were given Anniversary tokens and brochures.

The Education Committee was finally able to set up a library at the ASCU office, so far books have been donated by Directors, Committee members and staff of ASCU. The next phase of the Library is to have it open to the general membership in the very near future.

In an effort to complete our goals for this term, there are still a few programmes / courses which we hope to offer. These include:-
Balloon Art Course
Self Enhancement Courses
Leadership
Customer Service
Risk Management
Spelling Bee Competition

The Education Committee Members wish to express their sincere thanks for having been given the opportunity to serve the members of Aero Services Credit Union.

I take this opportunity to offer my thanks to the Committee members, as the achievements were all because of a team effort. To the Board of Directors, I say thank you for your leadership.

....
Anne-Marie Donawa
Chairman

SOCIAL AND CULTURAL COMMITTEE REPORT

Committee

Chairman	- Mr. Nigel Bailey
Secretary	- Ms. Alisha John
Member	- Mr. Anand Mahase
Member:	- Ms. Roxanne Thomas
Member:	- Mr. Hugo Henry
Board Rep.:	- Mr. Earle Joseph

SOCIAL AND CULTURAL COMMITTEE REPORT CONT'D

2010 began on a very disappointing note, with the Committee being forced to cancel its Annual Cricket for Cash Competition, due to the on-going up-grading of the Factory Road Grounds / Facilities. However, be assured that 2011 will see us "back on the pitch".

The After-Work-Lime and All Fours Competition held in July, was therefore our first major event for 2010, with Varma Khillawan and Dave Tewarie beating Seema and Mahendra Persard in a very intense competition.
Heartiest congratulations to our winners and we encourage members who have never attended one of these events, to make it a must for 2011.

August saw us at the Harry's Water Park in Tabaquite, Rio Claro for our "Family Day and The Robert 'Big Daddy' Harvey Challenge Cookout Competition".
DJ Anton Marin and Hampro Int'l kept the music flowing as members and their families, who were out in their numbers, enjoyed the water slides, paddle boats, kayaks, lazy-boy rides and wildlife centre.
Five teams competed in the Cookout with Stores, not being satisfied with just winning the competition with their presentation entitled "Stores 20,000 Leagues Under The Sea", but walked and danced away with the cash prize and the trophy.
Last year's champions National Helicopters had to settle for second place with the Retirees third.

Annual Christmas After-Work Limes were held in both Trinidad and Tobago. On arrival, members were presented with ASCU 60th Anniversary tokens and some special members received "Founding Fathers "memorabilia for their role in the growth and development of ASCU during its 60 years – from 1950 to 2010.
Members enjoyed good food and drink along with the sweet sounds of parang, Digicel's 2010 Rising Star, Neval Chatelal and Kabuki, who kept guests dancing into the wee hours of the morning..
Tobago was not to be out done and they partied at the Coral Ridge Resort to DJ Gusto till 1am.

On behalf of the Social and Cultural Committee, I wish to thank the Board of Directors, Committees and ASCU Staff for their continued support and hope that all the loyal members will continue to keep the ASCU flag flying high.
Let us join hands and make 2011 bigger and better than 2010.

……………………………..
Nigel Bailey
Chairman

NOMINATION COMMITTEE REPORT

Introduction
In compliance with the Society's Bye Law 33a, The Board of Directors appointed a Nomination Committee to assume the task of inviting nominations from the Society's membership who are keen on being of service at the various levels of governance. Such levels refer to the Board of Directors, the Credit Committee and the Supervisory Committee. Members offering themselves for selection are required to be fit and proper and must be available to fulfill the obligation of office.

Directors appointed to serve on the Nomination Committee were:

Mr. Michael Halls	-	Chairman
Mr. Theo Oliver	-	Member
Ms. Faye Husbands	-	Member

Directors Halls and Husbands being out-going members of the Board of Directors at this Annual General Meeting, will be "statute barred" from serving on the Board of Directors, having held office for three consecutive three-year terms. Additionally, Director Oliver demitted office in February 2011 and as a consequence, the screening of candidates was presided over by the remaining members of the Committee.
As recorded in the "Invitation to Members", the Committee highlighted the essential requirements all of which the proposed Nominee must possess/ fulfill in order to be deemed fit and proper to serve.
All Nominees must:
Be active members in the Society.
Be in good standing with the Society, that is, not delinquent.
Make regular contributions to their Share account.
Be reasonably knowledgeable of the Credit Union Philosophy and Operating Principles.
Give the necessary time and commitment to satisfy the requirements of their elected office.
Be adequately qualified for the position being sought.

The deadline date for the submission of Nominees was Monday January 31st 2011 and no late submissions were entertained.

Out Going Officers
In accordance with the Society's bye-laws, outgoing members of the Board of Directors are:

Mr. Gregory Aqui
- He has indicated his willingness to serve

Mr. Alec D Clarke
- He has indicated his willingness to serve

Ms. Jacqueline O'Neil Lewis
- She has indicated her willingness to serve

Mr. Michael Halls
- Statute barred

Ms. Faye Husbands
- Statute barred

Members of both the Supervisory and Credit Committees are out going. However as per Bye Law 39 (g) as ratified by the Office of the Commissioner of Cooperatives which reads as follows:
"No member shall serve for more than three (3) consecutive terms."
Therefore, at the Society's 38th Annual General Meeting of March 20th 2010, the two persons receiving the highest number of votes were qualified for elections for three consecutive terms, the two persons receiving the second highest number of votes will be qualified for elections for two consecutive terms, whilst the last person will become statute barred at the next Annual General Meeting.
Accordingly, Ms. Mavis Edwards is now statute barred from the Credit Committee.
A total of fifteen (15) nominations were received by the deadline date of January 31st 2011 for consideration. A comprehensive review was undertaken based on the aforementioned criteria.

NOMINATION COMMITTEE REPORT CONT'D

The review parameters also included the current status of each Proposer and Seconder.
Nominations are as follows:
Board of Directors
Mr. Gregory Aqui
Mr. Alec D. Clarke
Mr. Kester Husbands
Mr. Cynthia Kennedy
Ms. Jacqueline O'Neil Lewis
Mr. Anthony Whittier

Supervisory Committee
Ms. Elizabeth Aqui
Ms. Anne-Marie Donawa
Ms. Mavis Edwards
Ms. Fern Frampton-Strachan

Credit Committee
Mr. Anthony Grant
Mr. Angel Landeau
Ms. Sharon Lee Sing Barnes
Ms. Genii Reyes
Ms. Norma St Rose

The Nomination Committee wishes to advise this Annual General Meeting that all nominees along with their respective Proposer and Seconder were found to be in good standing.
In this regard, the Committee has given its approval for all the successful Nominees to be presented before this Annual General Meeting on the ballot for election to vacant positions on the Board of Directors and other statutory committees.
The Nomination Committee also wishes to advise, that given the affiliation between Mr. Kester Husbands and Ms. Faye Husbands, the credentials of Mr. Kester Husbands was reviewed by the Board of Directors. Further to the completion of the screening process, an Orientation Program was held for all successful Nominees.

Conclusion
The Nomination Committee expresses its sincere thanks and appreciation to the Board of Directors for the opportunity extended to add value to this process, given its crucial importance to the Society's democratic tradition and the quality of future governance and leadership.

Respectfully submitted

Michael Halls
Chairman

60th Anniversary essay winner

Theme "What my Credit Union Means to me"

12 year old – Renay Karrina Baldeosingh, author in the making, adores books and is currently writing her own. Passed for her first choice in 2009 SEA Examinations for St. Joseph 's Convent St. Joseph – scoring near total marks in all other subjects and TOTAL MARKS FOR HER ESSAY!!!!

Firstly, to know *"What My Credit Union Means To Me"*, I need to know what my Credit Union is…..their name is Aero Services Credit Union. The Credit Union was created on the eleventh day of September in the year 1951. The Head Office is located at the Corner of the Priority Bus Route and Orange Grove Road in Tacarigua.

The some of the founding members were Mr. Kenrick Lee, Mr. Clyde Weatherland and Mr. Anthony Mora. These individuals were employees of the late airline, BWIA. The employees nurtured and cherished the will and vision of ordinary people coming together.

When the Credit Union was newly founded, the membership was limited to Permanent Employees of BWIA. In 1991 the membership was extended. The former employees of BWIA, the Contractual and Permanent Members of Staff of BWIA were eligible to be part of the Credit Union.

Also, the eligibility for membership was extended to Permanent members of Organizations within the Aviation Industry. This decision was made to enlarge the membership quantity of the organization.

Their Mission Statement is ***"To enrich the quality of life, by providing prompt, customer-driven, diversified, financial, social and other services, in the communities they serve."*** That is one true statement. They have really enriched the quality of my life and my Mom's too.

As a twelve year old I truly think that their customer service is THE BEST! It is obvious that they aim to treat their customers with the highest priority at all times. Their systems are perfect and the environment is really pretty and clean.

Whenever I visit the Credit Union with my Mom at Orange Grove Road, the people who my Mom interacts with are ALWAYS smiling. I love the way they treat me too, not like a kid but like a grown-up.

Their membership benefits are great. When I wrote my Secondary Assessment Examination in 2009 they awarded me at a ceremony with shares to my account and a book entitled "The Seven Habits of Highly Effective Teens" by Sean Covey. That book gave me the motivation to go through my first year of high school at St. Joseph's Convent, St. Joseph.

It gave me advice and at the end of my first secondary school year recently, I realized that because of it I was successful in my examinations and as well has allowed me to make many, many new friends. I look forward to attending another such ceremony when I excel at Caribbean Examination Council Examinations and also at Tertiary Level. I felt very proud to be at that ceremony and to see just how many other children ASCU were honouring.

That was just the beginning. Although the Aero Services Credit Union is unaware, they motivate me to save my pocket change for my future. Every time my Mom receives a statement and she shows it to me, I am very happy to see my savings going up and up.

That in it self has taught me that hard work and sacrifice has rewards. Especially when we have the option to save our dividends and have it added to our shares, it is like getting money for free when you were just saving for yourself anyway! That is very amazing for me!

So basically *"What My Credit Union Mean to Me"* is quite a lot. If I did not have the opportunity to become a member at the age of 10 I do not think that I would have gotten the confidence I now have.

They treat me like an adult with a lot of respect and are interested in my well being by giving me such a motivating book to read. They are truly THE BEST. And yet, they keep teaching me new things, since, if I did not enter this competition I would not have known that because the Airline BWIA the Great Aero Services Credit Union was created.

In ending: ***"ASCU You mean a lot to not only me but I am sure to everyone who is a member, Thank You so very, very much!"***

PKF

Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT

The Members
Aero Services Credit Union Co-operative Society Limited

We have audited the accompanying financial statements of Aero Services Credit Union Co-operative Society Limited, which comprise the statement of financial position as at 31 December 2010, the statements of comprehensive income, appropriated funds and undivided surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Aero Services Credit Union Co-operative Society Limited as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PKF

Port of Spain
6 March 2011

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2010

AERO SERVICES CREDIT UNION
CO-OPERATIVE SOCIETY LIMITED

I N D E X

STATEMENT OF FINANCIAL POSITION

ASSETS

	Notes	31 December 2010	31 December 2009
Cash Resources:			
Cash in hand and at bank	5	$ 1,999,567	$ 4,606,610
Investments	6	83,990,621	93,676,212
Total Cash Resources		85,990,188	98,282,822
Other Assets:			
Accounts receivable and prepayments	7	4,500,964	4,551,331
Other investments	8	9,632,608	9,329,382
Loans to members	9	86,995,644	89,215,367
Inventory		101,831	12,770
Fixed assets	10	7,196,800	6,681,348
Total Other Assets		108,427,847	109,790,198
Total Assets		**$194,418,035**	**$208,073,020**

LIABILITIES AND MEMBERS' EQUITY

	Notes	2010	2009
Liabilities:			
Bank overdraft	11	$ 2,431,574	$ -
Accounts payable and accruals	12	1,796,909	2,968,489
Members' deposits		69,635,083	95,614,054
Bank loan	13	-	202,500
Unclaimed dividends and shares		406,128	352,662
Proposed honoraria		186,092	182,967
Total Liabilities		74,455,786	99,320,672
Members' Equity:			
Members' shares	14	94,733,444	85,447,474
Reserve Fund		9,267,551	8,610,040
Education Fund		1,202,583	1,098,016
Development Fund		652,161	652,161
Investment Re-measurement Reserve	15	1,210,405	940,524
Special Reserve Fund		226,648	226,648
Undivided Surplus		12,669,457	11,777,485
Total Members' Equity		119,962,249	108,752,348
Total Liabilities and Members' Equity		**$194,418,035**	**$208,073,020**

Treasurer	Member Board of Directors	Member Supervisory Committee

(The accompanying notes form part of these financial statements)

STATEMENT OF COMPREHENSIVE INCOME

	Schedules	For the year ended 31 December 2010	2009
Income:			
Interest on loans		$ 12,208,879	$ 12,464,268
Investment income		3,661,353	5,483,074
Rental income		474,623	478,550
Entrance fees		11,890	5,990
Miscellaneous income		611,076	1,062,003
Service charge		56,385	46,764
Total Income		17,024,206	19,540,649
General and Administrative Expenses:			
Personnel cost	1	1,551,410	1,623,032
Operational cost	2	1,114,652	974,599
Financial cost	3	4,771,472	7,409,960
Administrative cost	4	434,497	418,456
Bad and doubtful loans expense		600,000	480,000
Risk management	5	642,777	647,804
Rental expenses		379,035	423,454
Depreciation		288,702	280,347
Officers' and committee expenses	6	614,314	581,397
Total General and Administrative Expenses		10,396,859	12,839,049
Operating surplus for the year		6,627,347	6,701,600
Impairment of investment income		(171,136)	-
Net surplus for the year		6,456,211	6,701,600
Other Comprehensive Income:			
Unrealised gain/(loss) on available-for-sale financial assets		269,881	(84,574)
Total Comprehensive Income for the year		**$ 6,726,092**	**$ 6,617,026**

(The accompanying notes form part of these financial statements)

STATEMENT OF APPROPRIATED FUNDS AND UNDIVIDED SURPLUS

For the year ended 31 December 2010

	Reserve Fund	Education Fund	Investment Re-measurement Reserve	Special Reserve Fund	Undivided Surplus
Balance as at 1 January 2010	$ 8,610,040	$ 1,098,016	$ 940,524	$ 226,648	$ 11,777,485
Add: Net surplus for the year	-	-	269,881	-	6,456,211
(i) 10% to Reserve Fund	645,621	-	-	-	(645,621)
(ii) 5% of the balance to the Education Fund	-	290,530	-	-	(290,530)
	9,255,661	1,388,546	1,210,405	226,648	17,297,545
Entrance fees	11,890	-	-	-	(11,890)
Meetings and conferences	-	(117,538)	-	-	117,538
Education Committee Expenses	-	(68,425)	-	-	68,425
Dividends paid - 2009	-	-	-	-	(4,802,161)
Balance at 31 December 2010	$ 9,267,551	$ 1,202,583	$ 1,210,405	$ 226,648	$ 12,669,457

(The accompanying notes form part of these financial statements)

STATEMENT OF CASH FLOWS

	For the year ended 31 December 2010	2009
Cash Flows from Operating Activities:		
Net surplus for the year	$ 6,456,211	$ 6,701,600
Gain on disposal of investment property	-	(858,075)
Inventory write-off relating to disposal of investment property	-	54,268
Bad and doubtful loans expense	600,000	480,000
Impairment of investment income	171,136	-
Depreciation	288,702	280,347
Depreciation – Investment property	-	23,726
	7,516,049	6,681,866
Net change in accounts receivables and prepayments	50,367	655,253
Net change in loans to members	1,619,723	(1,311,593)
Net change in inventory	(89,061)	9,628
Net change in accounts payable, accruals and honoraria	(1,168,455)	(630,552)
Net change in members' deposits	(25,978,971)	(6,847,936)
Net change in unclaimed dividends and shares	53,466	(4,792)
Cash used in Operating Activities	(17,996,882)	(1,448,126)
Cash Flows from Investing Activities:		
Net change in fixed assets	(804,154)	(2,319,164)
Net change in other investments	(33,345)	(192,659)
Net change in investments	9,514,455	5,164,088
Disposal of investment property	-	4,000,000
Cash provided by Investing Activities	8,676,956	6,652,265
Cash Flows from Financing Activities:		
Net change in loan – Intercommercial Bank	(202,500)	(405,000)
Dividends and honoraria paid	(4,802,161)	(6,056,906)
Increase in share capital	9,285,970	4,796,488
Cash provided by/(used in) Financing Activities	4,281,309	(1,665,418)
Net change in cash resources	(5,038,617)	3,538,721
Net cash resources, beginning of year	4,606,610	1,067,889
Net cash resources, end of year	$ (432,007)	$ 4,606,610
Represented by:		
Cash in hand and at bank	$ 1,999,567	$ 4,606,610
Bank overdraft	(2,431,574)	-
	$ (432,007)	$ 4,606,610

(The accompanying notes form part of these financial statements)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

1. **Registration and Objectives:**

The Society is registered under the Co-operative Society Act Ch: 81:03. Its objectives are to promote the economic welfare of its members, encouraging the spirit and practice of thrift, self-help and co-operation and to promote the development of co-operative ideas.

2. **Significant Accounting Policies:**

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

These financial statements are prepared in accordance with International Financial Reporting Standards, and are stated in Trinidad and Tobago dollars. These financial statements have been prepared on the historical cost basis, except for the measurement at fair value of available-for-sale investments.

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 Society'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 revenues and expenses 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 Society has not applied the following IFRIC interpretations that became effective during the current year, as they do not apply to the activities of the Society:

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 17 Distributions of Non-cash Assets to Owners

IFRIC 18 Transfer of Assets from Customers

IFRIC 19 Extinguishing Financial Liabilities with Equity Investments

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

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

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

ii) The Society 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 Society or have no material impact on its financial statements:

IFRS 1 First-time Adoption of International Financial Reporting Standards – Amendments relating to oil and gas assets and determining whether an arrangement contains a lease (effective for accounting periods beginning on or after 1 January 2010).

IFRS 1 First-time Adoption of International Financial Reporting Standards – Limited exemption from comparative IFRS 7 disclosures for first time adopters (effective for accounting periods beginning on or after 1 July 2010).

IFRS 1 First-time Adoption of International Financial Reporting Standards – Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2011).

IFRS 2 Share-based Payment – Amendment relating to group cash-settled share-based payment transactions (effective for accounting periods beginning on or after 1 January 2010).

IFRS 3 Business Combinations – Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 July 2010).

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2010).

IFRS 7 Financial Instruments: Disclosure – Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2011).

IFRS 7 Financial Instruments: Disclosure – Amendments enhancing disclosure about transfers of financial assets (effective for accounting periods beginning on or after 1 July 2011).

IFRS 8 Operating Segments – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2010).

31 DECEMBER 2010

2. Significant Accounting Policies (Cont'd):

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

ii) IFRS 9 — Financial Instruments: Classification and Measurement (effective for accounting periods beginning on or after 1 January 2013.

IAS 1 — Presentation of Financial Statements – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2010).

IAS 1 — Presentation of Financial Statements – Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2011).

IAS 7 — Statement of Cash Flows – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2010).

IAS 17 — Leases – Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2010).

IAS 24 — Related Party Disclosure: Revised definition of related parties (effective for accounting periods beginning on or after 1 January 2011).

IAS 27 — Consolidated and Separate Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 July 2010).

IAS 32 — Financial Instruments: Presentation - Amendments relating to classification of rights issues (effective for accounting periods beginning on or after 1 February 2010).

IAS 34 — Interim Financial Reporting – Amendments resulting from May 2010 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2011).

IAS 36 — Financial Instruments: Presentation - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2010).

IAS 39 — Financial Instruments: Recognition and Measurement - Amendments resulting from April 2009 Annual Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2010).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

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

d) **Property, plant and equipment -**

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided on the declining balance method, except for building and computers, which are depreciated on the straight-line basis.

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

Buildings and building improvements	-	2%
Computer equipment and software	-	20%
Office furniture and equipment	-	14%
Telephone system	-	20%
Security equipment	-	2%
Motor vehicles	-	25%
Other assets	-	10%

No depreciation is provided on freehold land or capital work-in-progress.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. 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 Statement of Comprehensive Income.

e) **Investments -**

The Society has classified all investments into the following categories:

Available-for-sale

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

For actively traded investments, fair value is determined by reference to Stock Exchange quoted market prices at the Statement of Financial Position date, adjusted for transaction costs necessary to realise the investment. For investments where there is no quoted market price, the carrying value is deemed to approximate fair value. All "regular way" purchases and sales are recognised at settlement date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. Significant Accounting Policies (Cont'd):

e) Investments (cont'd) -

Held-to-maturity

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

f) Financial instruments -

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

Cash and cash equivalents

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

Trade receivables

Trade receivables are measured at initial recognition at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Loans to members

Loans to members are stated at principal amounts outstanding net of unearned interest and allowances for loan losses.

Trade payables

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

Bank Loans

Loans are recognised initially at fair value, net of transaction costs incurred. Loans are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the loan using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

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

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

Members' deposits

Members' deposits are stated at the principal amounts invested by members together with any capitalised interest. Members' deposits bear interest at rates that are not significantly different from current market rates and are assumed to have discounted cash flow values which approximate carrying values.

Members' shares

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

g) **Revenue recognition -**

Loan Interest

Interest charged on all loans to members is calculated at 1% per month on the outstanding balance at the end of each month and is accounted for on the accrual 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, but only after prior specific provisions for losses have been made.

For non-performing loans, specific provisions are made for the unsecured portion of the loan. The amount of the provision is dependent upon the extent of the delinquency.

Investment Income

Income from investments is accounted for on the accruals basis except for dividends, which are accounted for on a cash basis, consistent with International Accounting Standard #10.

h) **Dividends payable to members -**

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. Significant Accounting Policies (Cont'd):

i) Reserve Fund -

In accordance with the Co-operative Societies Act, 1971, Section 47 (2) and Bye-Law 19 (5) of the Credit Union, at least 10% of the net surplus for the year of the Society is to be charged to the Reserve Fund.

j) Investment Re-measurement Reserve -

The Society has created an investment reserve which includes the following:

i) Unrealised gains/losses on available-for-sale investments
ii) Transfers from Retained Earnings.

k) Education Fund -

In accordance with Bye Law 19 of the Credit Union, an amount not exceeding 5% of the net surplus for the year, after making provision for the Reserve Fund, is transferred to an Education Fund. This fund is to be used for educational purposes, in accordance with Bye Law 41.

l) Foreign currency -

Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at rates of exchange ruling at the Statement of Financial Position date. All revenue and expenditure transactions denominated in foreign currencies are translated at the average rate and the resulting profits and losses on exchange from these trading activities are recorded in the Statement of Comprehensive Income.

m) Comparative figures -

Certain changes in the presentation have been made during the year and comparative figures have been restated accordingly. These changes have no impact on the net profit reported for the previous year.

n) Investment property -

Properties held for long-term rental yields and capital appreciation, which is not substantially occupied by the Society are classified as investment properties. Investment properties comprise land and buildings and are carried at fair values. Fair value is based on open market value as determined by external valuators. Changes in fair values are recorded as an adjustment to the opening Undivided Earnings balance in accordance with IAS #40.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

3. Financial Risk Management:

Financial risk factors

The Society is exposed to interest rate risk, credit risk, liquidity risk, currency risk, operational risk, compliance risk and reputation risk arising from the financial instruments that it holds. The risk management policies employed by the Society to manage these risks are discussed below:

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 Society 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.

Loans

The Society generally invests in fixed rate loans for terms not exceeding five years. These are funded mainly from member deposits and shares.

b) Credit risk -

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the Statement of Financial Position date. The Society relies heavily on a written Loan Policy Manual, 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 Society'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 Society'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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

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

b) Credit risk (cont'd) -

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

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

c) Liquidity risk -

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

The Society is exposed to daily calls on its available cash resources to settle financial and other liabilities.

Risk management

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

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

d) Currency risk -

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Society's measurement currency. The Society is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The Society's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

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

e) **Operational risk -**

Operational risk is the risk that derives from the deficiencies relating to the Society's information technology and control systems as well as the risk of human error and natural disasters. The Society's systems are evaluated, maintained and upgraded continuously.

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 Society.

g) **Reputation risk -**

The risk of loss of reputation arising from the negative publicity relating to the Society's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Society. The Society applies procedures to minimise this risk.

Fair value estimation

The fair values of the Society's financial assets and liabilities approximates to their carrying amounts at the Statement of Financial Position date set out in the significant policies Note 2 (e).

4. **Critical Accounting Estimates and Judgments:**

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make judgements, estimates and assumptions in the process of applying the Society's accounting policies.

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 Society makes estimates and assumptions concerning the future and 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:

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

4. Critical Accounting Estimates and Judgments:

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

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

i) Whether investments are classified as held to maturity investments or loans and receivables.

ii) Which depreciation method for plant and equipment is used.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position 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 Statement of Financial Position date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Plant and equipment

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

5. Cash in Hand and at Bank:

	31 December 2010	31 December 2009
Petty cash	$ 14,414	$ 13,108
RBTT Bank Limited - Current account	-	3,014,501
- US$ Savings account	1,684,902	1,548,122
- Tobago	300,251	30,879
	$ 1,999,567	**$ 4,606,610**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

6. Investments:

	31 December 2010	31 December 2009
Available-for-sale		
Fixed deposits	$ 60,049,916	$ 59,714,562
Money Market Funds	24,111,841	33,961,650
	84,161,757	93,676,212
Provision for impaired investment	(171,136)	-
	$ 83,990,621	$ 93,676,212

On January 30, 2009 the Ministry of Finance (MOF) and the Central Bank of Trinidad and Tobago announced that the Government of the Republic of Trinidad and Tobago (GORTT) had reached an agreement with the CL Financial Limited Group for the provision of a package of financial support for the Group's financial services companies. These companies included Colonial Life Insurance Company Limited (CLICO), Caribbean Money Market Brokers Limited (CMMB) and British American Insurance Company (Trinidad) Limited (BAT).

Subsequent to this, the Minister of Finance stated that GORTT would repay local investors of Short Term Investment Products (STIPS) in CLICO and BAT, their principal balances, that is, the capital sum as at the issue date or last renewal date, minus any capital withdrawals or loans made prior to 8 September 2010. A similar guarantee was not made for interest accrued on the principal balances.

In light of the foregoing, Aero Services Credit Union Cooperative Society Limited has opted to impair all accrued interest capitalized on its CLICO investments, both direct and indirect through the Central Finance facility Cooperative Society Limited. This is in accordance with International Accounting Standard #39 Financial Instruments: Recognition and Measurement.

7. Accounts Receivable and Prepayments:

	31 December 2010	31 December 2009
Interest receivable	$ 2,909,873	$ 1,910,025
Payroll deductions receivable	1,423,863	2,272,107
Other receivables	77,462	269,600
Prepayments	89,766	99,599
	$ 4,500,964	$ 4,551,331

31 DECEMBER 2010

8. Other Investments:

	31 December 2010	2009
Available-for-sale		
Quoted investments	$ 8,850,798	$ 8,537,817
Unquoted investments	781,810	791,565
	9,632,608	9,329,382
Held to maturity		
HILOC	876,905	876,905
Provision for investment loss	(876,905)	(876,905)
	$ 9,632,608	**$ 9,329,382**

The HILOC investment is impaired. In accordance with IAS #39, this investment has been written down to its fair value.

9. Loans to Members:

Loans to members are stated at principal outstanding net of a provision for loan losses. The provision for loan losses is based on management's evaluation of the performance of the loan portfolio under current economic conditions and past loan loss experience.

	31 December 2010	2009
Outstanding principal balances	$ 89,712,262	$ 91,331,985
Less: Provision for loan losses	(2,716,618)	(2,116,618)
	$ 86,995,644	**$ 89,215,367**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

10. Fixed Assets:

	Freehold land	Building - Trincity	Computer equipment and software	Office furniture and equipment	Telephone system	Security equipment	Building improvements	Building improvements Factory Road	Building expansion in progress	Motor vehicle	Factory Road Pavillion in progress	Total
Cost												
Balance as at 1 January 2010	$ 522,345	$ 2,250,316	$ 839,426	$ 815,562	$ 88,186	$ 81,012	$ 841,322	$ 113,551	$ 2,901,558	$ 243,600	$ 104,742	$8,801,620
Additions	-	-	80,724	40,229	-	-	3,565	-	77,625	-	602,011	804,154
Balance as at 31 December 2010	522,345	2,250,316	920,150	855,791	88,186	81,012	844,887	113,551	2,979,183	243,600	706,753	9,605,774
Accumulated Depreciation												
Balance as at 1 January 2010	-	711,000	507,256	587,566	68,459	25,878	106,705	4,575	-	108,833	-	2,120,272
Charge for the year	-	45,006	90,730	60,030	7,743	8,101	16,192	-	-	60,900	-	288,702
Balance as at 31 December 2010	-	756,006	597,986	647,596	76,202	33,979	122,897	4,575	-	169,733	-	2,408,974
Net Book Value												
Balance as at 31 December 2010	$ 522,345	$ 1,494,310	$ 322,164	$ 208,195	$ 11,984	$ 47,033	$ 721,990	$ 108,976	$ 2,979,183	$ 73,867	$ 706,753	$7,196,800
Balance as at 31 December 2009	$ 522,345	$ 1,539,316	$ 332,170	$ 227,996	$ 19,727	$ 55,134	$ 734,617	$ 108,976	$ 2,901,558	$ 134,767	$ 104,742	$6,681,348

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

11. Bank Overdraft:

	31 December 2010	31 December 2009
RBTT Current account	$ 2,431,574	$ -

This facility is secured by shares on Account #0755179 at the Unit Trust Corporation of Trinidad and Tobago 1st scheme.

12. Accounts Payable and Accruals:

	31 December 2010	31 December 2009
Audit fees	$ 48,200	$ 33,767
Value Added Tax payable	3,719	17,931
CUNA claims	728,581	508,326
CUNA insurance	95,212	46,682
Fixed deposit interest payable	126,742	1,518,199
Other payables	121,371	159,996
Accruals	270,544	117,574
Stale-dated cheques	402,540	473,064
Payment protector payable	-	92,950
	$ 1,796,909	$ 2,968,489

13. Bank Loan:

A loan in the amount of **$810,000** was granted by the Intercommercial Bank Limited on 27 May 2008. The purpose of the loan is for the financing of the mobilisation costs for the expansion project of the Credit Union's headquarters. The loan is for the period of two (2) years with a fixed interest rate of 10.50%. Principal payments were made via eight (8) quarterly instalments of **$101,250** which commenced three (3) months after disbursement. The loan was fully repaid in June 2010.

	31 December 2010	31 December 2009
Intercommercial Bank	$ -	$ 202,500

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

14. **Members' Shares**:

According to the Bye-Laws of Aero Services Credit Union Co-operative Society Limited, the share capital of the Society may be composed of an unlimited number of shares of $1.00 each.

15. **Investment Re-Measurement Reserve**:

As at 31 December 2010, the Society's available-for-sale investments had been re-measured to their fair values and the resulting unrealised gain of **$269,881** has been transferred to the Investment Re-measurement Reserve in accordance with IAS #39.

16. **Dividends**:

The Board of Directors has proposed a dividend of 5% for the year ended 31 December 2010. This is not recorded as a liability in accordance with IAS #10.

17. **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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

17. **Fair Values (Cont'd):**

a) **Investments -**

The fair values of investments are determined on the basis of quoted market prices available at 31 December 2010.

b) **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.

18. **Capital Risk Management:**

The Society 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 Society's overall strategy remains unchanged from previous years.

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

19. **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 Society.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

19. **Related Party Transactions (Cont'd):**

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

	31 December 2010	31 December 2009
Assets		
Loans to directors and key management personnel and related persons	$1,693,647	$1,956,650
Deposits and other liabilities		
Deposits held by directors and key management personnel and related persons	$1,989,658	$1,638,662
Shares held by directors and key management personnel and related persons	1,220,047	1,355,819
	$3,209,705	$2,994,481
Income		
Directors and key management personnel	$ 10,800	$ 187,421
Interest and other expenses		
Directors and key management personnel	$ 247,140	$ 188,697
Key management compensation		
Short-term benefits	$ 431,211	$ 497,854
Post employment benefits	34,351	43,955
	$ 465,562	$ 541,809

SCHEDULES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

1. **Personnel Cost:**

	31 December 2010	31 December 2009
Ex-gratia and incentives	$ 74,268	$ 100,425
Gratuity	8,640	-
Salaries and allowances	1,163,019	1,221,430
Staff overtime	8,209	9,723
Staff NIS, pension and medical plan	209,201	198,076
Staff training and development	6,700	24,736
Staff uniforms	35,116	10,984
Responsibility allowance	14,328	14,328
Travelling and subsistence	31,929	43,330
	$ 1,551,410	**$ 1,623,032**

2. **Operational Cost:**

	31 December 2010	31 December 2009
Accounting services	$ 91,425	$ 89,000
Advertising	29,226	12,688
Audit fees	62,733	42,000
Cable expenses	7,162	4,231
Caribbean Airlines Tie-line	5,948	-
Computer expenses	39,229	45,429
Courier	350	1,238
Electricity	61,630	67,009
Equipment repairs and maintenance	32,953	46,722
Internet rental charges	20,373	27,589
Janitorial services	25,389	91,793
Legal and professional fees	73,828	34,764
Membership cards	626	767
Miscellaneous	19,167	17,770
Motor vehicle expenses	45,969	29,628
Office refreshments	30,690	15,963
Postage expense	20,360	5,150
Printing, stationery and office supplies	103,177	81,491
Property maintenance cost	155,433	76,835
Security services	212,087	186,635
Telephones	76,897	97,897
	$ 1,114,652	**$ 974,599**

SCHEDULES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

3. Financial Cost:

	31 December 2010	31 December 2009
Bank charges	$ 17,157	$ 16,347
Linx charges	1,213	1,021
Interest on members' fixed deposits	4,723,822	7,300,815
Interest on members' savings deposits	10,791	91,777
Loan interest and charges	8,988	-
Overdraft interest	9,501	-
	$ 4,771,472	$ 7,409,960

4. Administrative Cost:

	31 December 2010	31 December 2009
Anniversary celebrations	$ 55,965	$ -
Annual General Meeting	161,086	176,118
Association of Credit Union Presidents	3,000	12,000
Donations	16,324	17,745
Education Fund expense	68,425	38,333
Meetings and conferences	117,538	174,260
Strategic planning session	12,159	-
	$ 434,497	$ 418,456

5. Risk Management:

	31 December 2010	31 December 2009
CUNA LP and LS coverage	$ 572,361	$ 550,020
Fidelity guarantee	7,949	6,535
Fire insurance	32,883	50,794
Group life insurance	29,584	26,523
Stabilisation Fund	-	13,932
	$ 642,777	$ 647,804

SCHEDULES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

6. Officers' and Committee Expenses:

	31 December 2010	31 December 2009
Board and committee allowances	$ 148,908	$ 122,271
Board of Directors Christmas party	33,490	46,874
Ex-gratia	18,000	18,000
Co-operative activities	10,265	-
Refreshments	5,010	22,238
Social and cultural committee	217,423	189,047
Honoraria expense	181,218	182,967
	$ 614,314	$ 581,397

RESOLUTIONS

AUDITORS

Being satisfied with the thoroughtness and effective application of the External Auditors, the Board of Directors of Aero Services Credit Union recommends that the firm of Pannell Kerr Foster be retained as External Auditors for 2011

DISTRIBUTION OF SURPLUS

DIVIDENDS

Be it resolved that the Annual General Meeting approves a dividend of five percent (5%) on each member's share holding to be disbursed according to the member's request.

EX GRATIA

Be it resolved that the sum of NINE THOUSAND DOLLARS ($9,000) be allocated to the Education Committee and another NINE THOUSAND DOLLARS ($9,000) to the Social & Cultural Committee.

NOTES