



**AERO SERVICES CREDIT UNION
CO-OPERATIVE SOCIETY LIMITED**

**40TH
ANNUAL
GENERAL
MEETING
2012**

**MARCH 24TH, 2012
TRINITY COLLEGE EAST
#1 COLLEGE AVENUE
TRINCITY CENTRAL ROAD,
TRINCITY**

ON TO THE NEXT LEVEL

MISSION STATEMENT

To enrich the quality of life of our customers,
by providing prompt, customer-driven, diversified financial, social and other services,
through the commitment and dedication of our valued employees,
in the communities we serve.

OUR VISION

To be a premier co-operative service provider in the Caribbean region.

THE AGM THEME

"ON TO THE NEXT LEVEL"

THE NATIONAL ANTHEM

*Forged from the love of liberty
In the fires of hope and prayer
With boundless faith in our destiny
We solemnly declare
Side by side we stand
Islands of the blue Caribbean sea
This our native land
We pledge our lives to thee
Here every creed and race
Find an equal place
And may God bless our nation
Here every creed and race
Find an equal place
And may God bless our nation*

PRAYER OF ST. FRANCIS OF ASSISI

*Lord make me an instrument of thy peace
Where there is hatred, let me sow love;
Where there is injury, pardon;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light; and
Where there is sadness, joy.
O Divine Master, grant that I may not
So much seek to be consoled
As to console;
To be understood as to understand;
To be loved as to love;
For it is in giving that we receive
It is in pardoning that we are pardoned;
And it is dying that we are born to Eternal Life
Amen.*

TABLE OF CONTENTS

Notice & Agenda	04
Standing Order	05
Guidelines	06
Election Procedures	06
President's Message	07
Board of Directors	10
Minutes of the 39th Annual General Meeting	11
Report of the Board of Directors	17
Aero Services Credit Union Staff	21
Credit Committee Report	22
Supervisory Committee Report	24
Education Committee Report	27
Social & Cultural Committee Report	29
Nominations Committee Report	32
Independent Auditor's Report	37
Financial Statements	38
Budget 2012	64
Resolutions	67
Notes	68

NOTICE

Notice is hereby given that the 40th Annual General Meeting of Aero Services Credit Union Co-operative Society Limited will be held on Saturday 24th March 2012 at Trinity College East, #1 College Avenue, Trincity Central Road, Trincity at 1.00pm.

AGENDA

1. National Anthem and Credit Union Prayer
2. Credential Report
3. Notice of Meeting
4. President's Address
5. Feature Address
6. Minutes of the last Annual General Meeting
7. Reports 2011
 - 7.1 Board of Directors
 - 7.2 Credit Committee
 - 7.3 Supervisory Committee
 - 7.4 Education Committee
 - 7.5 Social & Cultural Committee
 - 7.6 Nominations Committee
8. Auditor's Report
9. Financial Report
10. Budget Proposals
11. Resolutions / Recommendations
12. Elections of Officers
 - 12.1 Supervisory Committee
 - 12.2 Credit Committee
 - 12.3 Board of Directors
13. General Business
14. Vote of Thanks
15. Closure

By Order of the Board



Lyndon Byer
Hon. Secretary

STANDING ORDERS

- 1) A member shall stand when addressing the Chair and identify himself / herself
 - a) Speeches shall be clear and relevant to the subject before the meeting.
- 2) A member shall address the meeting when called upon by the Chairman to do so, after which, he/she shall immediately take his/her seat.
- 3) No member shall address the meeting except through the Chair.
- 4) A member may not speak twice on the same subject, except:
 - a) The mover of a motion, who has a right to reply
 - b) He/she rises to object or to explain (with the permission of the Chair).
- 5) No speeches shall be made after the "Question" has been put and carried or negated.
- 6) The mover of a "Procedural Motion" shall have no right to reply.
- 7) A member rising on a "Point of Order" shall state the point clearly and concisely. A "Point of Order" must have relevance to the "Standing Orders".
- 8)
 - a) A member shall not "call" another member "to order" but may draw the attention of the Chair to a "breach of order".
 - b) In no event can a member call the Chair "to order".
- 9) A "Question" shall not be put to the vote if a member desires to speak on it or move an amendment to it, except that a Procedural Motion shall be moved at any time.
- 10) Only one amendment shall be before the meeting at one and the same time.
- 11) When a motion is withdrawn, any amendment to it fails.
- 12) The Chairman shall have the right to a "casting vote".
- 13) If there is equality of voting on an amendment, and if the Chairman does not exercise his "casting vote", the amendment is lost.
- 14) Provision shall be made for the protection by the Chairman from vilification (personal abuse).
- 15) No member shall impute improper motives against another member.

GUIDELINES

A Member offering himself / herself for office in Aero Services Credit Union:

- Must not be bankrupt or an applicant for bankruptcy.
- Must be of sound mind.
- Must not be an employee of Aero Services Credit Union.
- Must not be delinquent in repaying his/her loan for at least three months.

Additionally, if elected to office a member must be prepared to give generously of his/her time to:

- Attend Board or Committee Meetings
- Attend other meetings and events of the Credit Union Movement
- Attend seminars and training courses

Regular Board of Directors Meetings are held on the third Saturday of every month from 1.00pm.

The Credit Committee meets once per week on Tuesdays.

The Supervisory Committee determines its meeting day and method of operations.

ELECTION PROCEDURES

- 1) Ballot papers for elections for the Board of Directors, Credit Committee and Supervisory Committee will be given to members at the time of election.
- 2) One of the items of business on the Agenda will be the nomination of persons to contest elections to the Board and Committees.
- 3) Persons nominated will assemble before the audience and give a brief resume of themselves.
- 4) There will be separate ballot boxes for the Board, Credit and Supervisory Committees.
- 5) The persons in charge of conducting the elections will declare when ballots should be cast.
- 6) On completion of the nomination process, members will cast their ballots at anytime during the meeting, up to the declared closing time of ballots.
- 7) The appointed persons will count the ballots while the meeting is in progress.
- 8) The results will be announced immediately on completion of the count.

PRESIDENT'S MESSAGE



Dear Valued Member:

It is once again a privilege for me to welcome you to our fortieth (40th) Annual General Meeting. Our theme 'On to the next Level' signifies that we are now poised to take advantage of the opportunities before us, as we seek to improve our service delivery to you. I will now present the report on the performance of Aero Services Credit Union for the year 2011, commencing with the economic review.

Economic Review

The local economy contracted by approximately 1.4% in 2011 and inflation was reduced to single digits for a significant part of 2011. The financial system witnessed low loan demand and very limited investment opportunities, which resulted in high financial system liquidity. In an effort to stimulate loan demand, many financial institutions implemented lower interest rates, which had a domino effect of negatively impacting the interest earnings of these institutions. On a national scale, there has been an increase of Non-performing loans.

Investment income declined nationally in

2011, due to the low interest rate environment and very limited issuance of Government and Corporate bonds.

Notwithstanding the above, the equity market in Trinidad and Tobago continued to demonstrate positive growth with both the Composite and All T&T indices closing the last quarter 2011, up 4.73% and 4.13% respectively.

In January 2011, Standard and Poor's Rating Services reaffirmed its credit rating for the Trinidad and Tobago economy with a stable outlook. The long-term and short-term foreign currency instruments ratings were maintained at A and A-1, respectively. In the month of August 2011, Standard and Poor, revised the methodology and assumptions for rating sovereign governments to encourage transparency and to respond to increasing globalisation of markets. This action lowered the local-currency sovereign credit rating to 'A/A-1' from 'A+/A-1'.

Aero Services Credit Union Review

At Aero Services Credit Union, the year 2011 was indeed an interesting one, characterised by a decrease in loan demand, soft investment rates and the ever increasing push by the Government to introduce new legislation to govern the operating procedures of Credit Unions. Additionally, the reporting obligations for Credit Unions have been increased under the provisions outlined in the proposed new Credit Union legislation and the requirements of the newly established Financial Intelligence Unit (FIU).

I am happy to report, that ASCU has successfully fulfilled its obligations with regard to the registration of the Institution with the Financial Intelligence Unit and the completion and submission of our compliance program, before the stipulated deadline of May 12, 2011, as

PRESIDENT'S MESSAGE CONT'D

outlined in the financial reporting requirements for the Financial Intelligence Unit (FIU). This is particularly important, since non-compliance attracts significant penalties for Credit Unions. The Financial Intelligence Unit (FIU) is the primary institution for the collection of financial intelligence and information. The analysis, dissemination and exchange of such financial intelligence, will also include, information among law enforcement authorities, financial institutions and Listed Businesses.

The proposed Credit Union Bill 2011 document has been circulated and, if it becomes law without any amendments, it would impose very stringent reporting requirements for Credit Unions and would require Credit Unions to report to the Central Bank of Trinidad and Tobago in addition to other national agencies. The proposed Credit Union Bill highlights some of the requirements which include, but is not limited to the following: the financial obligations for Credit Unions, fit and proper requirements for Credit Union Directors and Officers, penalties for non compliance with the reporting requirements for both Directors and the Credit Union, and a mechanism for determining the Technical Solvency of Credit Unions.

In 2011, Aero Services sought to expand the ASCU brand by the hiring of a Business Development Officer in the month of November and there is an increasing focus, on communicating more effectively with our members. In this regard, a number of initiatives have been implemented, which includes the following:

- The updating of the Credit Union web site on a more consistent basis.
- The soliciting of the views of our members, with regard to satisfying the customer service needs

A New Member Drive initiative has been launched, in an effort to grow our membership and by extension our asset base, within our current membership bond, as the preferred first option, to building the critical mass required to satisfactorily meet our future demands.

A Membership Business Fair initiative was held on October 19, 2011, which presented mem-

bers with a forum and opportunity to advertise and showcase their products and services. The response from both those who attended and those who participated was very positive, and our members can therefore look forward to similar initiatives in 2012.

The Introduction of our long awaited Aero Debit Card, which would allow loan proceeds to be made more easily available, to our members, is now here. This initiative would have the benefit of reducing the number of cheques now being printed, since loans and other deposits, can be now made into the member's account, and can be accessed at the member's convenience, using the Aero Debit Card. We therefore wish to thank our partners in this initiative, Inter Commercial Bank and Micro Software Designs Limited, for their assistance in bringing this project to fruition.

The building expansion project has been delayed, as we continue to reassess our options in this changing environment. A number of very pertinent changes occurred during the year 2011, including: lower revenues and a policy change by the National Gas Company (NGC) with regard to the routing of the gas pipeline in the Orange Grove area. The foregoing has resulted in the Board adopting a very cautious approach, with regard to proceeding with the building expansion project, as planned. The Board however, will continue to work assiduously, to ensure that we make the best possible decision, given all the prevailing circumstances.

We have continued to make tangible improvements to our recreational facility at Factory Road. During the year 2011, the Board took a decision to rename the facility at Factory Road. As a consequence, our recreational facility at Factory Road, will now be formally called, the "Aero Services Credit Union Sporting Complex".

The major goals for 2012 would include, but will not be limited to, the following: Remote access to member account information, the expansion of our products and services, expanded use of Information Technology to be of better service to you our members, to continue the initiative to provide our members with a forum to showcase their products and

PRESIDENT'S MESSAGE CONT'D

services, to bring on board an Internal Auditor in an attempt to strengthen our corporate governance structure, monitor and improve our internal controls processes and to assist in enhancing the decision making process of the Board.

We embarked on a Strategic Plan in the month of November 2011, which provided the Board with the direction and areas of deliberate focus, for the period November 2011 – November 2014. Among the areas identified for direct Board focus were Governance, Membership, Employees, Service Quality, Operations Quality and Financial. Targets and timelines have been established, and it is anticipated that as we continue to implement the elements of the Strategic Plan, Aero Services Credit Union will reap tangible benefits.

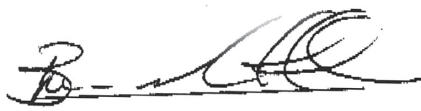
As we look towards 2012, 'International Year of Cooperatives', I wish to convey special thanks to our dedicated members, who have supported us throughout the past year and who have demonstrated their commitment to ASCU, by continuing to invest in our products and services.

I wish to express my appreciation to my fellow Board members, who have given tirelessly during the past year, to provide the platform necessary to 'move to the next level'.

On behalf of the Board of Directors, I wish to thank all the Committees, the management and staff of Aero Services Credit Union, for their dedication and service to all our valued members.

May Almighty God continue to richly bless you and your family.

Co-operatively yours,



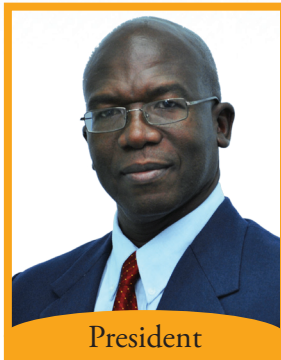
Brian Matthew
President

2012

AERO SERVICES CREDIT UNION ANNUAL REPORT

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

BOARD OF DIRECTORS



President

Mr. Brian Matthew



Secretary

Mr. Lyndon Byer



Treasurer

Ms. Cecily Jerome



Vice President

Mr. Courtney Demming



Assistant Secretary

Mr. Earle Joseph



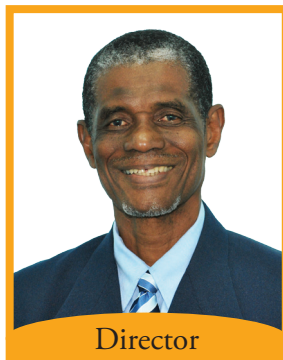
Assistant Treasurer

Mr. Gregory Aquí



Director

Mr. Kester Husbands



Director

Mr. Alec Clarke



Director

Ms. Jacqueline O'Neil Lewis



1st Alternate

Ms. Cynthia Kennedy



2nd Alternate

Mr. Anthony Whittier

MINUTES OF THE 39TH ANNUAL GENERAL MEETING

OF AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED HELD ON SATURDAY 26TH MARCH 2011, AT THE TRINITY COLLEGE EAST, 1 COLLEGE AVENUE, TRINCITY CENTRAL ROAD, TRINCITY.

1. Call to Order

The President/Chairman Mr. Brian Matthew called the 39th Annual General Meeting to order at 1.25 p.m. He invited everyone to stand and sing the National Anthem and to recite the Credit Union Prayer. He requested a minute of silence to be observed in remembrance of a former stalwart in the Credit Union Movement, Mr. Hyder Ali who died in December 2010.

2. Credential Report

The Supervisory Committee reported that a total of fifty-eight (58) persons were present at the time which comprised of: thirty-five (35) members, nine (9) Directors, eight (8) members of staff and six (6) guests, and therefore the meeting was duly constituted.

3. Welcome

The Chairman welcomed all members and specially invited guests.

4. Notice of the Meeting

The Chairman invited the Secretary of the Board of Directors, Mr. Lyndon Byer, to read the Notice of the Meeting.

5. The President's Review

President Brian Matthew commenced his review by stating that the past year was certainly an eventful one with many challenges, however, he was quick to also state that the challenges were met head on and the initiatives had begun to pay dividends. One of the challenges was the telephone communication and there had been considerable improvement in that area.

He indicated that the uncertainty in the economic environment forced the Board to review the planned building expansion project, primarily due to cost/expenditure considerations and adjustments have been made to the conceptual design of the building. This would delay the construction of the building somewhat but he hoped that construction would have commenced later in the year. He also indicated that there was significant erosion of the

western end of the Aero Services property which borders the Tacarigua River. It became a major concern and by petitioning both the past and present Ministers of Works and Transport and the Regional Corporation, worked started in January 2011.

He then indicated that some of the major challenges which confronted the organization were the inability to provide significant interest rates to our members due to the softening of the investment market, the issue of having the Factory Road Pavilion completed on time, and internal matters faced at the office, including the resignation of the General Manager. He reiterated however, that decisions were taken in all aspects to ensure that the organization continued to operate at an acceptable level.

He concluded by expressing his appreciation to members of the Board, Committees and Staff for their support over the past year and that he now looked forward to what promised to be a very interesting year ahead.

6. Feature Address

The Chairman introduced the Feature Speaker – Mr. Prakash Ramlakhan who then addressed the Meeting.

The audience was treated to an incisive presentation which enlightened co-operators through a most basic lesson on the background of existing in a challenging economic climate, how Credit Unions are affected and how they can respond.

Mr. Ramlakhan began his discourse by embracing the AGM'S theme "Soaring above the Challenges" and through his power point highlights took listeners through the challenges (economic and otherwise) that prevailed.

From the initial list of seven keynotes, he demonstrated their collective effects on the economic climate, namely: Deregulation, High Liquidity, New Financial Institutions, Increased Regulations, Financial Crisis, the Asset Bubble and the Historical Background. He navigated through these factors to show how each

MINUTES OF THE 39TH ANNUAL GENERAL MEETING

OF AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED HELD ON SATURDAY 26TH MARCH 2011, AT THE TRINITY COLLEGE EAST, 1 COLLEGE AVENUE, TRINCITY CENTRAL ROAD, TRINCITY.

created or added to the climate that Credit Unions faced, such as, the global crisis, the failure of CLICO, along with the increase in commodity prices.

He indicated that Financial Deregulation led to a greater local risk appetite, an increase in product offerings and increased risk in the financial system. It also afforded poor monitoring of the changed activities. High Liquidity was created by the resultant flood of new investment products and inflows into mutual funds. He showed how new financial institutions also had their effect as with RBC (RBTT) in the commercial banking sector. Mr. Ramlakhan highlighted how the Financial Crisis, with credit tightening, low yields and the decline in asset values, assisted high volatility outcomes.

He then identified several areas of Challenge which needed to be addressed to protect and stabilize the Credit Union's domain. They were:

- 1. MEMBERS** – Protection of members' capital and increase in members' wealth and dividends.
- 2. INSTITUTIONAL** – Identifying suitable investment opportunities, managing Financial Risks and Co-operative Strengthening in volatile markets.
- 3. ENVIRONMENTAL** – Unifying the Credit Union Movement, reduce Systemic Risk and strengthen Financial Viability
- 4. LEGISLATIVE** – Limitations on Investments and Credit, New Capital Requirements, Governance Structure coupled with High Regulatory and Compliance Costs.
- 5. FIT AND PROPER** – Directors and Senior Management Qualifications criteria.

Some of the effects of addressing those challenges, he indicated, would incur higher operating costs due to compliance and restructure of committees and management. Volunteers to the Board of Directors may not be forthcoming due to the qualifications

criteria. Investment Opportunities will be limited, which can affect dividends. He urged that Credit Unions build Institutional Capital and refine Risk profiles to forestall any threats. On the last point, he identified the major risks that must be faced and managed i.e. Price, Credit, Operations, Liquidity, Compliance and Interest Rate Risk.

Mr. Ramlakhan then offered his learned advice on overcoming the challenges by treating with those fore-mentioned. On Governance, he recommended that Credit Unions develop strong ethical policies, the training of Boards and Committees to meet the criteria, implementation of a proper Risk Management system and establishing appropriate management committees. His urgings on Members' Wealth Enhancement were that members' education, needs and interests are critical. New markets, Product Development and Productive Loans along with increased members' Savings must become mandatory. In the area of Institutional Strengthening he showed that proper Financial Planning/Budgeting, coupled with a realistic and strategic plan were absolutely essential. Review of the PPD and its impact is imperative to ensure compliance possibilities and areas for amendments. A strong Capital Base must be established.

Mr. Ramlakhan advised that to reduce Systemic Risk, Co-operative activities should be strengthened between all similar organizations. He urged that the review and transformation of secondary bodies and the strengthening of their financial positions have potential benefits. Unifying the Credit Union Movement strategically, with a shared vision, can be an ideal position to work towards.

In closing, he urged the members to serve and support their Credit Union. His parting words of caution were "REMEMBER THE DECISIONS YOU MAKE MAY EITHER HELP YOU OR HURT YOU".

MINUTES OF THE 39TH ANNUAL GENERAL MEETING

OF AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED HELD ON SATURDAY 26TH MARCH 2011, AT THE TRINITY COLLEGE EAST, 1 COLLEGE AVENUE, TRINCITY CENTRAL ROAD, TRINCITY.

7. Acknowledgments

The Chairman welcomed and acknowledged the presence of the following guests:

Ms. Allison Manodath	- Co-operative Development Division
Mr. Anirudh Rai	- Co-operative Development Division
Mr. Robert Mayers	- T & T Deposit Insurance Fund
Mr. Wayne Estrada	- CUNA Caribbean
Ms. Esme Raphael	- Central Finance Facility
Ms. Jill Thompson	- UWI Credit Union
Ms. Donna Rosales Gray	- UWI Credit Union
Ms. Brenda Fraser	- UWI Credit Union
Ms. Pearl Butler Lopez	- Cannings Credit Union
Mr. Elvin Francis	- Community Care Credit Union
Ms. Nector Licorish	- Panell Kerr Foster

8. Standing Orders

The Chairman took the opportunity to apologize for the late delivery of the AGM Brochures and indicated it was beyond the control of the institution. He then read through the entire Standing Order for the benefit of members present. A motion for the acceptance of the Standing Order was moved by Ms. Anne-Marie Donowa and seconded by Mr. Joseph Bishop.

9. Minutes of the 38th Annual General Meeting

A motion for the adoption of the Minutes of the 38th Annual General Meeting was moved by Mr. Anthony Grant and seconded by Mr. Anand Mahase.

There were no errors or omissions.

9.1 Matters Arising

There being no matters arising, a motion for the acceptance of the Minutes of the 38th Annual General Meeting was moved by Mr. Harold Clovis and seconded by Ms. Pamela Voisin.

10. Board of Directors Report

The Chairman informed that another credential report taken at 2.25pm indicated that there were 154 persons present (Members – 121, Board of Directors – 10, Staff – 10, Guests – 13).

A motion for the adoption of the Board of Directors Report was moved by Ms. Sharon Lee Sing Barnes and seconded by Mr. Joseph Bishop.

There were no errors or omissions.

10.1 Matters Arising

There being no matters arising, a motion for the acceptance of the Board of Directors Report was moved by Ms. Joanne John and seconded by Mr. Angel Landeau.

11. The Credit Committee Report

A motion for the adoption of the Credit Committee Report was moved by Ms. Lisa Ramcharitar and seconded by Mr. Anthony Mora.

Errors and Omissions

1. Page 24 Loans – 4th line insert the word "Debt" before the word "Consolidation".
2. Page 24 Major Loan Categories – Delete "2009" from above the category "Refinance". Insert headings "2010" above \$9.09M and insert "2009" above \$1.05M.

11.1 Matters Arising

There being no matters arising, a motion for the acceptance of the Credit Committee Report was moved by Mr. Kester Husbands and seconded by Ms. Lisa Ramcharitar.

12. The Supervisory Committee Report

A motion for the adoption of the Supervisory Committee Report was moved by Mr. Andrew Thomas and seconded by Mr. Angel Landeau.

There were no errors or omissions.

MINUTES OF THE 39TH ANNUAL GENERAL MEETING

OF AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED HELD ON SATURDAY 26TH MARCH 2011, AT THE TRINITY COLLEGE EAST, 1 COLLEGE AVENUE, TRINCITY CENTRAL ROAD, TRINCITY.

12.1 Matters Arising

Ms. Jenny Noel-Daniel referred to Page 26 under the heading Delinquency and asked for clarification as to what the anomalies were. Mr. Kester Husbands, Chairman of the Committee, indicated that there was a member of staff who was delinquent because a loan was being paid over the counter and not by staff deduction. There was a challenge to have the information needed on matters of delinquency due to the problems with the computer system and which were to be rectified in the near future.

There being no other matters arising, a motion for the acceptance of the Supervisory Committee Report was moved by Ms. Fern Frampton Straughn and seconded by Mrs. Ann Joseph.

13. The Education Committee Report

A motion for the adoption of the Education Committee Report was moved by Ms. Sharon Lee Sing Barnes and seconded by Ms. Natasha Cumberbatch.

There were no errors or omissions.

13.1 Matters Arising

There being no matters arising, a motion for the acceptance of the Education Committee Report was moved by Mr. Kester Husbands and seconded by Mr. Marvin Williams.

14. The Social and Cultural Committee Report

A motion for the adoption of the Social and Cultural Committee Report was moved by Mr. Anthony Mora and seconded by Mr. Victor Wells.

There were no errors or omissions.

14.1 Matters Arising

There being no matters arising, a motion for the acceptance of the Social and Cultural Committee Report was moved by Mr. Marvin Williams and seconded by Mr. Kester Husbands.

15. The Nominations Committee Report

A motion for the adoption of the Nominations Committee Report was moved by Ms. Pamela Voisin and seconded by Mr. Marvin Williams.

Errors and Omissions

1. Page 33 List of Nominations for the Board of Directors – Change “Mr.” before Cynthia Kennedy to “Ms.”.

15.1 Matters Arising

Mr. Heston Mitchell referred to Page 32 second paragraph “Director Oliver demitted office in February 2011....”, and enquired as to the reason. Chairman Brian Matthew indicated that Mr. Oliver had resigned.

There being no other matters arising, a motion for the acceptance of the Nominations Committee Report was moved by Mr. Angel Landeau and seconded by Mr. Joseph Bishop.

16. Recognition of the 60th Anniversary Essay Winner

The Chairman recognized twelve year old Ms. Renay Karrina Baldeosingh for being the winner of the 60th Anniversary Essay Competition and asked the audience to join him in applauding her. The entire essay was captured on page 34 of the AGM Brochure.

17. The Auditors' Report

The Chairman invited the representative from Panell Kerr Forster, Ms. Camille Providence, to present the Auditors' Report.

18. Financial Statements

The Treasurer commenced by way of a Power Point presentation, highlighting the Financial Performance for 2010 by making reference to the Financial Statements and Notes to the Financial Statements on Pages 36-62 of the Brochure. The Chairman then invited questions and comments.

MINUTES OF THE 39TH ANNUAL GENERAL MEETING

OF AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED HELD ON SATURDAY 26TH MARCH 2011, AT THE TRINITY COLLEGE EAST, 1 COLLEGE AVENUE, TRINCITY CENTRAL ROAD, TRINCITY.

Mrs. Jenny Noel-Daniel enquired on a number of items presented in the accounts including whether all of the \$83M was invested in CLICO, the high level of inventory, the high bank overdraft since there were large amount of investments and cash in hand and the increase in the Provision of Bad Debts. The Treasurer, Director Cecily Jerome, then provided the answers for all the matters raised.

There being no other questions or comments a motion for the acceptance of the Financial Statements was moved by Mr. Anthony Grant and seconded by Mr. Theo Oliver.

19. The Budget Proposal

A Power Point presentation highlighting the Budget Proposal for 2011 was delivered by the Treasurer.

Ms. Anne-Marie Donawa informed that she had not seen the attachment concerning expenditure for 'telephone' indicated in the Budget handout and needed further clarification. The Treasurer indicated that it was an error and responded accordingly.

Mr. Heston Mitchell observed an increase in Rental Income budgeted for 2011 and asked for more details. The Treasurer provided the relevant details.

Mr. Cliff Stewart requested clarity on the increase in budget for Building Expansion. The Treasurer gave a short history and update on the status of the project which was planned since 2009. The Chairman indicated further the need for the Building Project, as the present building was very old and the structural integrity was being compromised.

Mr. Heston Mitchell requested an overall view and status of the Strategic Plan. The Chairman made reference to his review on Page 18 and indicated that the strategic objectives were still in progress at varying levels. A full report will be completed after the end of 2011.

The Chairman called for a vote on the Budget Proposal and there were 118 – For, 6 – Against, 20 – Abstentions. The motion was carried.

20. Resolutions & Recommendations

The Chairman invited Vice-President Courtney Demming to move the resolutions:

Auditors

Be it resolved that the firm Pannell Kerr Foster be retained as Auditors for the 2011 term.

Mr. Cliff Stewart made reference to the Minutes of the last AGM where the Board assured that a new auditing firm would have been selected. The Treasurer explained that the responses to the Request For Proposal (RFP) were poor as only three responses were received. Two were negative and one was positive. As a result the recommendation was made to retain the current auditors for one more year to allow time to reissue the RFP.

The resolution was seconded by Mr. Cliff Stewart and received unanimous support.

RECOMMENDATIONS:-

1) Distribution of Surplus

Be it resolved that the Annual General Meeting approves the following:

A dividend of five percent (5%) on each member's shareholding to be disbursed according to the member's request.

The motion was seconded by Ms. Anne Joseph. The result was a majority support in Favour, 1 - Against and 4 - Abstentions. The motion was carried.

2) Ex Gratia Payment

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) be allocated to the Social and Cultural Committee.

The motion was seconded by Mr. Anthony Mora and was unanimously accepted. The motion was carried.

MINUTES OF THE 39TH ANNUAL GENERAL MEETING

OF AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED HELD ON SATURDAY 26TH MARCH 2011, AT THE TRINITY COLLEGE EAST, 1 COLLEGE AVENUE, TRINCITY CENTRAL ROAD, TRINCITY.

3) Honorarium

The Vice President raised a motion for an amendment to include Honorarium and was seconded by Mr. Edrick Lee.

Be it resolved that 3% of the Undivided Surplus after all statutory deductions are made be allocated to the Board of Directors and Statutory Committees.

The motion was seconded by Ms. Sharon Lee Sing Barnes and was unanimously accepted. The motion was carried.

21. Election of Officers

The Chairman informed that another credential report taken at 4.30pm indicated that there were 262 persons present (Members – 228, Board of Directors – 11, Staff – 10, Guests – 13).

Ms. Allison Manodath of the Co-operative Development Division was invited to conduct the election process over which she presided as the Returning Officer. She guided members to the relevant pages of the Brochure for the Guidelines and Election Procedures.

Persons recommended by the Nominations Committee and persons nominated from the floor to be elected to the Supervisory Committee, Credit Committee and the Board of Directors, were presented to the membership.

The election results were as follows:

Supervisory Committee

Ms. Faye Husbands	115	
Ms. Anne-Marie Donawa	112	
Ms. Mavis Edwards	99	
Ms. Jenny Noel-Daniel	94	(1st Alternate)
Ms. Fern Frampton Strachan	77	(2nd Alternate)

Credit Committee

Mr. Angel Landeau	198
Mr. Anthony Grant	190
Ms. Genii Reyes	173
Ms. Sharon Lee Sing Barnes	166

Mr. Anthony Mora	155
Ms. Norma St. Rose	143 (1st Alternate)
Mr. Salauddeen Aziz	55 (2nd Alternate)

Board of Directors

Ms. Jacqueline O'Neil Lewis	185
Mr. Gregory Aqui	176
Mr. Alec Clarke	170
Mr. Kester Husbands	145
Ms. Cynthia Kennedy	97 (1st Alternate)
Mr. Anthony Whittier	53 (2nd Alternate)

22. Recognition of the Outgoing Directors

Vice-President Courtney Demming recognised and expressed appreciation to two outgoing Directors in the persons of Michael Halls and Faye Husbands, for their contribution to the organization over the past nine years.

23. Disbursement of Door Prizes

Several door prizes were distributed based on a "lottery type" draw. The Society thanked the sponsors of the door prizes for their generous donations.

24. The Destruction of Ballots

A motion for the destruction of the ballots was moved by Mr. Theo Oliver and seconded by Mr. Andrew Thomas. There was unanimous acceptance of the motion.

25. Other Business

There was no other business raised.

Vice President Courtney Demming invited Director Jacqueline O'Neil Lewis to give the vote of thanks.

Vice President Courtney Demming then brought the meeting to a close at 6.30pm.



Lyndon Byer
Honorary Secretary

REPORT OF THE BOARD OF DIRECTORS

Introduction

The time has come once more for the Board of Directors to report to you on its stewardship and the Society's performance for the year 2011. We therefore welcome everyone to the 40th Annual General Meeting of Aero Services Credit Cooperative Society Limited.

The Board of Directors at its inaugural meeting of the 2011/2012 term held on Monday 28th March, 2011 elected the following persons:

Mr. Brian Matthew	- President
Mr. Courtney Demming	- Vice-President
Mr. Lyndon Byer	- Secretary
Ms. Cecily Jerome	- Treasurer
Mr. Earle Joseph	- Assistant Secretary
Mr. Gregory Aquí	- Assistant Treasurer
Mr. Kester Husbands	- Director
Mr. Alec Clarke	- Director
Ms. Jacqueline O'Neil Lewis	- Director
Ms. Cynthia Kennedy	- 1st Alternate
Mr. Anthony Whittier	- 2nd Alternate

The Executive Committee

The Executive Committee comprised the following persons

Mr. Brian Matthew	- President
Mr. Courtney Demming	- Vice-President
Mr. Lyndon Byer	- Secretary
Ms. Cecily Jerome	- Treasurer
Mr. Earle Joseph	- Assistant Secretary
Mr. Gregory Aquí	- Assistant Treasurer

Sub-Committees of the Board of Directors

In an effort to provide oversight and fulfill the mandate of the Society's Strategic Plan, Directors were appointed to the following sub-committees:

Investment Committee
IT Committee
Human Resources Committee
Building Committee

The teams formed last year for the distilling and implementation of the Strategic Objectives continued this year with slight adjustments in the composition of the teams.

These objectives were:

Customer Satisfaction
Corporate Governance
Member Engagement
Portfolio Quality
Operations Quality
Employee Capability
Revenue Growth

An Oversight Team continued to co-ordinate the efforts of all the other teams and updated

REPORT OF THE BOARD OF DIRECTORS CONT'D

Meeting Attendance Register

Name	Monthly Board Meetings			Special Board Meetings		
	Present	Excused	Absent	Present	Excused	Absent
Brian Matthew	11	-	-	11	-	-
Courtney Demming	10	1	-	7	2	2
Lyndon Byer	11	-	-	10	1	-
Cecily Jerome	10	1	-	10	1	-
Earle Joseph	9	2	-	8	2	1
Gregory Aqui	10	1	-	9	2	-
Alec Clarke	10	1	-	10	1	-
Jacqueline O'Neil Lewis	9	2	-	7	4	-
Kester Husbands	9	2	-	7	4	-
Cynthia Kennedy	8	2	1	1	3	7
Anthony Whittier	4	5	2	5	4	2

Due to the number of meetings throughout the year with the full Board, only two meetings of the Executive were held and the majority of the directors attended.

Outgoing Members of the Board of Directors

The following members of the Board of Directors – Mr. Lyndon Byer, Ms. Cecily Jerome, and Mr. Earle Joseph having completed their term, are outgoing. Mr. Lyndon Byer having completed three (3) successive terms is now statute barred for one (1) year and is therefore not eligible for re-election. Ms. Cecily Jerome and Mr. Earle Joseph however are eligible for re-election and have indicated their willingness to serve. Outgoing Alternates Ms. Cynthia Kennedy and Mr. Anthony Whittier are eligible for re-election and have indicated their willingness to serve.

The Board of Directors wishes to convey its heartfelt thanks to all outgoing members and would like to particularly recognize the contribution of Mr. Lyndon Byer having served the Society for the past nine (9) years.

The Year in Review

The financial services sector continued to face challenging times, This impacted the organization's ability to attract favourable interest rates for another year to give better returns to you our loyal Members. The Board of Directors acted prudently and kept its Fixed Deposit interest rates stable for most of the year. Some members again took the option not to renew all of their Fixed Deposit amounts while others transferred them to their Share Account to allow for a better return at the end of the year through dividends. This latter action showed a level of confidence in our organization. We again thank you for choosing Aero Services as your preferred financial services provider.

In 2011, the Credit Union experienced a decrease in its revenue and so particular attention was paid to its expenditure during the year. Delinquency continued to be a challenge and significant effort (including the services of external parties) was placed in this area to bring it within industry standard.

REPORT OF THE BOARD OF DIRECTORS CONT'D

We have started seeing the fruit of our efforts and will continue to pursue it until it subsides to an appropriate level in keeping with Pearls Standard.

The passage of the proposed regulation for Credit Unions still remains outstanding. However, a Credit Union Bill (2011) was sent out by Central Bank in November 2011 to Credit Unions and other stakeholders for their comments by March 28, 2012. Information sessions to provide an overview of the Bill were hosted by Central Bank for Credit Unions from January 12-20, 2012. Aero Services Credit Union was duly represented. Review of the Bill was done earlier at Board level and later at the level of the Movement. Collaboration of the positions of individual credit unions was done at the level of the Movement and submitted to Central Bank. We continue to build our institutional capital and governance structure in preparation for the new legislation.

Performance Highlights

Assets

We experienced a decrease in assets from 2010 due to the maturing of Fixed Deposits which some members did not renew. There was also a shortfall in revenue from Short-Term Investments

Shares

Member Share Deposits continued its growth in 2011.

Loans

Our Loan Portfolio decreased when compared to 2010 due to major reductions in Motor Vehicle and House Renovation applications.

Revenue

Gross income showed a negative variance against 2010 due primarily to lower interest income on investments and also on loans.

Expenditure

Expenses reflected a positive variance over 2010 Actuals and also Projected Expenditure for 2011.

Membership Growth

The ASCU family increased its membership by some 146 members. The year-end total stood at 4506 representing a 3.3% increase over 2010

Share Withdrawals

The scourge of Share Withdrawals continues to adversely affect the financial well being of the Credit Union. The figure for 2011 which stood at \$13.0M represents a slight decrease of 0.8% from 2010. As members/owners, we encourage you to minimize the withdrawal of your shares and to speak to our CSRs for other alternatives applicable to your needs.

Human Resources

In 2011, the Board sought to increase the executive capability of the Credit Union more so with the resignation of the Assistant Manager – Accounting Services, Mr. Najja Vassell in early March 2011. As a result, our human resource competence level increased with the addition of the new General Manager, Mrs. Phyllis Wickham in March 2011, the Assistant Accountant, Ms. Zariiffa Mohammed in April 2011 and the Marketing Officer, Mr. Adebunmi Opadeyi in November 2011.

Conferences/Seminars

WOCCU Conference

Directors Brian Matthew, Courtney Demming, Cecily Jerome and Earle Joseph attended the World Council of Cooperative Credit Union (WOCCU) Conference in July 2011, in Glasgow, Scotland. The conference allowed Aero Services Credit Union to be exposed to excellent networking opportunities with other Credit Unions worldwide and to benefit from information sharing with fellow co-operators from other Credit Unions across the globe. A main highlight of the conference was an

REPORT OF THE BOARD OF DIRECTORS CONT'D

address by The Right Honourable Gordon Brown, MP, and former Prime Minister of the United Kingdom. The Directors participated in a number of conference sessions including: Membership growth; Marketing; Finance and Leadership. A visit to an "Industry" Credit Union in Glasgow was also accomplished, after the completion of one of the daily sessions.

ACCUPTT LEADERSHIP CONFERENCE

Directors Lyndon Byer and Jacqueline O'Neil Lewis attended the first ever Leadership Conference hosted by the Association of Co-operative Credit Union Presidents of Trinidad & Tobago (ACCUPTT) in October 2011 at Turtle Beach Hotel, Tobago. The three-day Conference engaged the minds of Directors and Managers of Credit Unions in Trinidad and Tobago on relevant topics to further develop their respective units and to also allow for collaboration and networking among the units. Some of the topics were The Art of Becoming an Authentic Leader, Increased Compliance – Expectations and Responsibilities for Board Members, The Role of the Manager in Maintaining Good Governance, ISO 9001 – A Model for Quality Assurance in Credit Unions, and Enhancing CU Competitiveness through Shared Services and Strategic Alliances. Participants were delighted to have attended, and found that the Conference was very informative and engaging.

Condolences

The Board of Directors wishes to convey sincere and deepest condolences to the families of all co-operators who suffered the passing of a beloved one during the last year. May their souls rest in peace.

Acknowledgements

As we come to the close of another financial year we would like to extend our gratitude to the various organizations that have assisted by the services they have rendered to us. The following organizations are hereby recognized:

The Co-operative Development Division
TTCU Deposit Ins. Co-op. Soc. Ltd.
CUNA Caribbean Insurance Society
RBC Royal Bank
Bourse Securities Ltd.
Micro Software Designs Limited
Sure Security Limited
The Central Finance Facility
ACCUPTT
Caribbean Airlines Ltd.
Intercommercial Bank Ltd.
First Line Securities Ltd.
MG Daly and Partners
KSBM Asset Management
T&T Unit Trust Corporation

The success of our Strategic objectives is dependent on the collective efforts of our Officers, Management and Staff. The Board of Directors, therefore extends its appreciation and heartfelt gratitude to the members of elected and appointed Committees, and the Management and Staff of the Society.

In conclusion, we say thanks to you our loyal members/ shareholders, for choosing Aero Services Credit Union as your premier financial services provider in Trinidad and Tobago. Your trust and confidence in the Credit Union has helped us to make significant strides and will enable us to move "On To The Next Level". We remain committed to "Enriching the quality of the lives of our Members".

Thank you and may God bless you and your family.

Cooperatively yours,



Lyndon Byer
Hon. Secretary

AERO SERVICES CREDIT UNION STAFF



General Manager

Ms. Phyllis Wickham



Accounts Staff

Ms. Ria Scarborough
Ms. Evie De Matas
Ms. Attiya Dyer
Ms. Zariffa Mohammed
Mr. Nigel Matthew
Ms. Renee Llewellyn



Customer Service Staff

Mr. Chinelo Woodley
Ms. Joan Watson
Mr. Stevenson Alexander
Ms. Shelley Maniram
Ms. Nesrissa Alleyne
Ms. Gwendolyn Daniel



Admin Staff

Ms. Helen Chunisingh
Ms. Annette Boodramsingh
Mr. Hugo Henry
Ms. Rayann Charles
Ms. Angelica Kalloo

CREDIT COMMITTEE REPORT



Committee

Mr. Angel Landeau	- Chairman
Ms. Sharon Lee Sing Barnes	- Secretary
Ms. Genii Reyes	- Member
Mr. Anthony Mora	- Member
Mr. Anthony Grant	- Member
Ms. Norma St Rose	- 1st Alternate
Mr. Salauddeen Aziz	- 2nd Alternate

Members have continued to show confidence in Aero Services Credit Union (ASCU), despite the ravages of the economic crunch. Debt crisis situations have been a drain on members' finances and they have sought refuge at their share capital.

For example, one of the ways it affected ASCU was manifested in the period June to December 2011, when approximately seventy (70) requests were received from members to liquidate loans (and to a lesser extent, arrears) from shares. Reasons for the requests included job losses, debt reorganizing or the inability to sustain payments. Members wanted to avoid being delinquent (a very commendable idea) and also to get to a position of contributing more to their shares as more disposable income becomes available. Consequently, allowing them the opportunity to start over.

CREDIT COMMITTEE REPORT CONT'D

Another setback was a significant decline in loan requests. In 2010, there were 2,309 approved loans with a value of \$39.91M which compared to 2011, there were 1,783 approved loans totaling \$32.14M.

There were significant decreases in the categories of loans for Vacation, Refinance, Vehicle Purchases and House Renovations. However, Investments had a significant increase.

COMPARISON IN MAJOR LOAN CATEGORIES

	2011	2010
Education	\$2.79M	\$2.45M
Investments	\$3.96M	\$2.10M
Vacation	\$1.69M	\$2.41M
Refinance	\$4.93M	\$9.09M
Debt Consol.	\$2.47M	\$2.03M
Vehicle Purchase	\$3.50M	\$5.08M
House Renovation	\$5.39M	\$8.87M
Medical expenses	\$0.83M	\$1.14M
Christmas expenses	\$0.18M	\$1.50M
Special- Christmas/Carnival	\$1.53M	-
- Education	-	\$0.24M

REMINDERS FOR LOAN APPLICATION

- Ensure all pertinent information, requirements and/or documents accompany the loan application. This would assist with speedier processing.
- Identify a valid purpose on the form.
- Ensure your Debt Service Ratio is within the limit of 40% of your monthly Gross Income. The debt includes Bank Loans, other Credit Union Loans, Hire Purchase, Credit Card debt, etc. The monthly payments should be added together with the Aero Services payment and this total is used to determine the Ratio.

Please note that a copy of the Loan Policy will be helpful in clearing areas of uncertainty and doubt, and is obtainable from the Office.

We encourage you to continue doing business with Aero Services by increasing your shareholdings and allowing us to be your premier financial services provider.

LOOKING AHEAD

When the Credit Union Bill 2011 comes into effect current Loan Procedures and Policies of all Credit Unions would have to conform to the new legislation. It would be in everybody's interest to become informed on how the changes would affect us. The best time to start the thinking change is now.

APPRECIATION

We thank all our members, fellow committees, Board of Directors, Management and Staff of Aero Services Credit Union. We are grateful for your support and cooperation during the last year. May you be enriched with God's Blessing.



Angel Carlos Landeau
Chairman

SUPERVISORY COMMITTEE REPORT



Ms. Faye Husbands

Ms. Anne Marie Donawa

Ms. Mavis Edwards

The Supervisory Committee presents to the Annual General Meeting its Report on the affairs of Aero Services Credit Union Co-operative Society Limited for the period April 2011 to December 2011

COMMITTEE COMPOSITION

During the proceedings of the 39th Annual General Meeting the following persons were elected to serve:

Ms. Anne Marie Donawa

Ms. Mavis Edwards

Ms. Faye Husbands

Ms. Jenny Daniel and Ms. Fern Frampton-Strachan were elected as first (1st) and second (2nd) Alternates respectively.

SUPERVISORY COMMITTEE REPORT CONT'D

At the Committee's inaugural meeting held on March 31st 2011, Ms. Faye Husbands was elected to the position of Chairperson and Ms. Anne Marie Donawa to the position of Secretary. The Committee met regularly to review and examine matters fundamental to the Society's operations in accordance with Bye Law 38 (f).

Additionally the open invitation issued to the Committee by the Board of Directors regarding having one of its representatives attend its monthly meetings was honored.

DIRECTOR'S ACCOUNTS AND MEMBERSHIP LOANS

Audits were performed on the accounts (Shares, Loans, F.I.P., Fixed Deposits) of all members of the above captioned category. The records reflected no discrepancies as per the Society's loan policy and Bye Laws relative to the granting of loans to elected Officers of the Society. The audit done on random samples of Membership Loans showed the same results as above.

OPERATIONS AUDIT

The Board of Directors in an effort to increase internal efficiencies and boost the quality of customer deliverables, commissioned an Operations Audit which was performed by consultant Beverly Young. The final document was accepted and ratified by the Board of Directors and recommendations therein are being implemented accordingly.

TRAINING RE: THE FINANCIAL INSTITUTION ACT & THE F.I.U.

In July of 2011 in accordance with the requirement of the Financial Institution Act, elected and appointed officers, management and staff of the Society attended a training seminar on the above caption. This seminar was

hosted by Mr. Nigel Matthew - CEO of Eastern Credit Union. Attendees were exposed to the rigorous conditions and scope of the Act, the operations of the F.I.U. and the robust penalties associated with non-compliance. Each attendee was required to sign a binding acknowledgment of training and was thereafter awarded a certificate to attest to this fact.

FINANCIAL STATEMENTS

Review of the Financial Statements and the Pearls Ratio show that in measurement categories associated with liquidity and investment, the Society is not meeting the recommended standard. These results are indicative of continued liquidity in the system and the challenge associated with locating high interest yielding instruments in the marketplace. The Balance Sheet results which showed the impact of the above as a decline in the asset base when compared to 2010 was observed. This can be attributed to other circumstances namely the reduction in members' reinvestment of fixed deposits, an increase in the quantum of share withdrawals, a decline in membership loans, and the general insecurity associated with the nation's economic stagnancy. Whilst the Committee recognizes this reality, and the cautious stance taken by the membership, the Board of Directors must be commended for their efforts to ensure the continued success of the Society. This commitment was further evidenced by the recruitment of a Business Development Officer whose mandate includes the discovery and development of strategies and products to enhance the Society's revenue earning capacity and the concerted efforts of the Investment Committee.

SUPERVISORY COMMITTEE REPORT CONT'D

DELINQUENCY

Delinquency continues to be a matter of grave concern as reviews of the reports engaged the attention of the Committee members. The Board of Directors has since implemented the following procedures to stem the growth in this portfolio namely:

- The support of a credit agency
- Revision of the lending criteria

The Committee is of the view that to manage this scourge, a more aggressive and comprehensive approach must be taken and therefore we support the Board of Directors in their attempts to exploit all options to manage the portfolio.

PETTY CASH AUDITS

No discrepancies were discovered during audits. Vouchers were properly authorized and sequentially filed.

BANK RECONCILIATION

There was an initial backlog in the monthly preparation of statements. However the Committee is pleased to report that these circumstances have since been remedied. Bank Reconciliation Statements are now up to date. All questions posed were satisfactorily answered.

POLICY REVIEW

The Committee commends the Board of Directors in their proactive approach re the creation, review, development and subsequent re-implementation of some Policies. Ensuring their relevance to the upcoming legislative framework and regulated environment in which the Society is soon to operate is key to the Society's compliance and viability. Such reviews have so far included the Investment Policy, Loan (Criteria) Policy, H.R. Policy, and Code of Ethics. The HR Policy will soon be tabled for ratification.

GOVERNANCE, PROTOCOL, AND THE PROPOSED COOPERATIVE CREDIT UNION ACT.

The Committee in the scope and operation of its mandate would like to reaffirm, the necessity for the adoption of concepts and practices associated with good governance, protocol, and the nurturing of a culture of best practice by the Board of Directors. Such values must emanate firstly from the highest levels of leadership and governance, to elected and appointed Committees, to management, to employees and disperse into the membership.

The Committee cautions that given the punitive conditions contained in the Proposed Act, it has now become more incumbent upon persons offering themselves for service to ensure that before doing so, that they fulfill the criteria of being "fit and proper". This includes the possession of the necessary skills, education, cooperative/business intelligence and character. The Nominations Committee is also equally challenged to ensure that the screening process meets this new standard.

CLOSING

The Committee is profoundly thankful to you the members of this Society who afforded us the opportunity to be of service to you and our organization. The Committee wishes to thank the Board of Directors, management and staff for all their assistance and support received in the performance of our mandate.

We wish you and yours, all success and your highest good in 2012 and beyond.

Co-operatively yours,

Faye Husbands
.....

Faye Husbands
Chairman

EDUCATION COMMITTEE REPORT 2011/2012



Committee

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

Mr. Richard Prescod	- Chairman
Ms. Gwendolyn Daniel	- Secretary
Ms. Elizabeth Aquí	- Member (Absent from Photo)
Mrs. Salauddeen Aziz	- Member
Mrs. Carol John-Williams	- Member
Mr. Courtney Demming	- Board Representative

EDUCATION COMMITTEE REPORT CONT'D

Aero Services Credit Union Education Committee

2011/2012

"The year of the young investor"

Greetings to all our Aero Services Credit Union (ASCU) members, staff and colleagues. The Education Committee, in its quest to better educate its younger members on the credit union's operation and activities, has designated our operating year: "The Year of the Young Investor".

The committee took up its tenure in May 2011 with the hope of hosting a number of projects geared for our younger members. However, faced with some challenges, we had to reschedule our calendar of activities.

AWARDS

The annual Secondary Entrance Assessment and Higher Education Incentive (S.E.A/H.E.I) Award ceremony was held on the 29th September 2011 at the Bureau of Standards. The guest speaker, Mr. Akil Audain, stressed to his young captive audience that Investment of Time and Self are key factors for achieving success. Our awardees were recognized for their outstanding academic achievements for 2011. There were thirty (30) SEA students, ten (10) CXC students and three (3) CAPE students. Also fifteen (15) Junior Achievers were recognized for their consistent savings pattern over the past year. The award comprised of Shares value at \$250.00 and a token.

CREDIT UNION WEEK

An Open House was held at ASCU Compound on the Wednesday of Credit Union Week. On that day, members were invited to display the products and services of their respective businesses. Many of our young entrepreneurs displayed their products and services. The event was well supported and created an opportunity for network marketing among the members.

COURSES

A six-week Event Management course was held over the period November-December 2011. Eleven (11) members participated. The graduation ceremony was carded for February 2012.

NEWSLETTER

The Education Committee continues to educate and inform our members through the very informative "AeroBits" Newsletter.

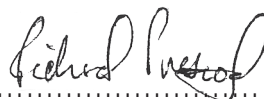
Some topics were:

- Our Vision and Mission.
- How you can make applying for credit go smoothly.
- Insurance Benefits: Life Savings
Loan Protection
Family Indemnity Plan (FIP)
- Guidelines to better serve you - TOBAGO MEMBERS
- Enhancement courses
- Upcoming events

The Committee advertised a "Young Investor Business Proposal" for September and "Spelling-Bee" Competition for October but due to the low level of interest expressed, the events were postponed.

The members of the Education Committee wish to thank the Board of Directors, Management, Staff and you our loyal members for your support during our term of office, 2011/2012.

Yours in Co-operative Spirit,



Richard Prescod
Chairman

SOCIAL AND CULTURAL COMMITTEE REPORT



Committee

Chairman	- Mr. Nigel Bailey
Member	- Mr. Anand Mahase
Member:	- Mr. Hugo Henry
Board Representative:	- Mr. Earle Joseph

SOCIAL AND CULTURAL COMMITTEE REPORT CONT'D

Greetings, fellow members, we are pleased to present the following report on our stewardship over the past year.

CRICKET

Cricket returned with a bang at ASCU Sporting Complex in 2011, after a one year absence due to the preparation of the ground and pavilion.

The competition which ran during April and May featured six combatants: Crushers (Cargo), MS United (Modular), Servisair, Aircraft Maintenance, Aircraft Trainees and Stores. Servisair and Crushers emerged Joint League winners whilst Servisair topped the Big 4 Knockout competition.

The Committee wishes to thank all the participating teams and their supporters for their attendance and look forward to seeing them again at the 2012 Competition.

Special mention must be made of the very competitive Aircraft Trainee team, who displayed great team spirit, but were unable to secure a victory. Good show!

ALL FOURS

In July, the "Heroes Of War" Posse (All Fours) assembled at ASCU Head Office for an evening of Sip & Chat After Work Lime together with some serious All Fours. The liming and card playing went late into the night. The eventual winners 'with bragging rights' for the next 12 months were Simon James & Rolly James, and Runners Up were Aldwyn Roberts & Brenton Stewart.

FAMILY DAY

Our Family Day was celebrated in August at Harry's Water Park Tabaquite. The Aero Services Family came together for a day of fun, meeting friends, and to also witness Aero

Services annual cooking competition.

Last year's champion, Stores, came very close but was dethroned by the team from National Helicopters whose Hawaiian outfits complimented their Polynesian presentation. Congrats to all the teams that participated.

JOINT CREDIT UNION SPORTS DAY

In keeping with the promotion of a healthy lifestyle for our members, Aero joined with U.W.I. Credit Union, PSCU Credit Union and Community Care Credit Union on Republic Day (September 24th) for what was the inaugural Joint Credit Unions Sports Day. On that day, the four credit unions competed in fun, track & field games, All Fours, Dance Pass, Cookout competition and the best decorated tent. Aero was successful in winning the All Fours and Cookout competition and placed third overall. I wish to take this opportunity to sincerely thank Director Earle Joseph (Chairman, Joint Sports Committee) and all the members of the committee which included members of the Social & Cultural and Education Committees and staff members of Aero and CAL.

Special mention must be made of the Directors, who contributed, and our very own CAL/ AERO Sunjets Football Team who came out very early to secure our participation in all of the track & field events. Once again folks, I thank you and hope to see you with the same energy and spirit next year.

BOAT CRUISE

A boat cruise on board 'The First Lady' was planned for October 01, 2011, but had to be cancelled because of the State of Emergency. We are hoping to set sail next year.

SOCIAL AND CULTURAL COMMITTEE REPORT CONT'D

AERO SERVICES CHRISTMAS LIME

The year ended with our marquee event – Aero Services After Work Christmas Lime in Trinidad on December 09, and in Tobago on December 17, 2011

Trinidad's Christmas Lime was as usual, fantastic, with Aero Services members old and young from all walks of life partying "down de place" till morning.

The Tobago Christmas lime was more laid back, but the members who attended enjoyed themselves immensely.

The Committee wishes to thank Mrs. Bailey, Mrs. Joseph, Mrs. Demming, Mrs. Matthew, and Ms. Ramlal who assisted us greatly with the serving of the meal and gate management.

The Social & Cultural Committee (including Anand, Hugo and our Board Rep. Earle), wishes to thank the Board of Directors, Management & Staff, and most of all our members for their support, without which none of the above would have been accomplished. Together, we will keep Aero Services flag flying to the next level in 2012 and beyond.

Best Regards



.....
Nigel Bailey
Chairman, Social & Cultural Committee

RESIGNATION

Following Aero Services Family Day, our Secretary, Ms. Alisha John, resigned. On behalf of the committee I would like to thank Alisha for her contribution and wish her all the best in her future endeavours.

NOMINATION COMMITTEE REPORT

Introduction

The primary purpose of the Nominations Committee is to solicit, evaluate and approve suitable Nominees from the Credit Union's Membership to fill vacancies on the Board, Supervisory and Credit Committees. In this regard and, in compliance with the Society's Bye Law 33a, the Board of Directors appointed a Nominations Committee to conduct this very important exercise. Persons appointed to serve on the Committee were as follows:

Mr. Kester Husbands	-	Chairman
Ms. Jacqueline O'Neil Lewis	-	Member
Mr. Lyndon Byer	-	Member

The Committee in issuing its invitation to the membership emphasized the importance of interested members being persons who were:

- (a) In good standing with the Credit Union, i.e. not delinquent and contributing regularly to their Share Account
- (b) Possessed reasonable knowledge and appreciation of the Credit Union's philosophy and operating principles
- (c) Adequately qualified for the position being sought and who would be available to carry out the duties required of the position.

A deadline submission date of January 13 2012 was given, and no late submissions were accepted.

Out Going Officers

In accordance with the Society's Bye Laws, the following out going members of the Board are:

- (i) Mr. Lyndon Byer who is statute barred
- (ii) Ms. Cecily Jerome who can serve again and has indicated her willingness to so do
- (iii) Mr. Earle Joseph who can serve again and has also indicated his willingness to serve.

Members of both the Supervisory and Credit Committees are all out going.

A total of sixteen (16) applications were received and below are the names of the Nominees:

BOARD OF DIRECTORS

- 1. Ms. Michele Campo- Aimable
- 2. Mr. Michael Halls
- 3. Mr. Parissram Jaggernath
- 4. Ms. Cecily Jerome
- 5. Mr. Earle Joseph
- 6. Ms. Cynthia Kennedy
- 7. Mr. Bickram Maharaj
- 8. Mr. Anthony Whittier

SUPERVISORY COMMITTEE

- 9. Ms. Mavis Edwards
- 10. Ms. Faye Husbands
- 11. Ms. Carol John-Williams

CREDIT COMMITTEE:

- 12. Mr. Salauddeen Aziz
- 13. Ms. Sharon Lee Sing Barnes
- 14. Mr. Anthony Grant
- 15. Mr. Angel Landeau
- 16. Ms. Norma St. Rose

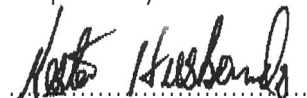
As a result of Bye Law 39(g) addition which was ratified by the Commissioner of Cooperatives in 2009 and the subsequent explanation of its application, the nomination of Ms. Sharon Lee Sing Barnes for the Credit Committee was not accepted since she was one of the persons who received the second highest votes at the 2009 AGM and was therefore only allowed two consecutive terms (2010-2011 and 2011-2012). Ms. Lee Sing Barnes has since been duly informed.

The Nominations Committee also examined the current status of both the Nominators and the Seconders, all of whom were found to be in good standing with the Society. The Committee therefore approves and recommends to this Annual General Meeting, fifteen (15) Nominees for consideration in filling vacant positions as declared on the Board of Directors and Statutory Committees.

Additionally, the Committee advises that an Orientation Session for all Nominees will be conducted on March 08, 2012.

The Committee wishes to convey its gratitude and appreciation to the Board of Directors for the opportunity given to conduct this exercise.

Respectfully submitted



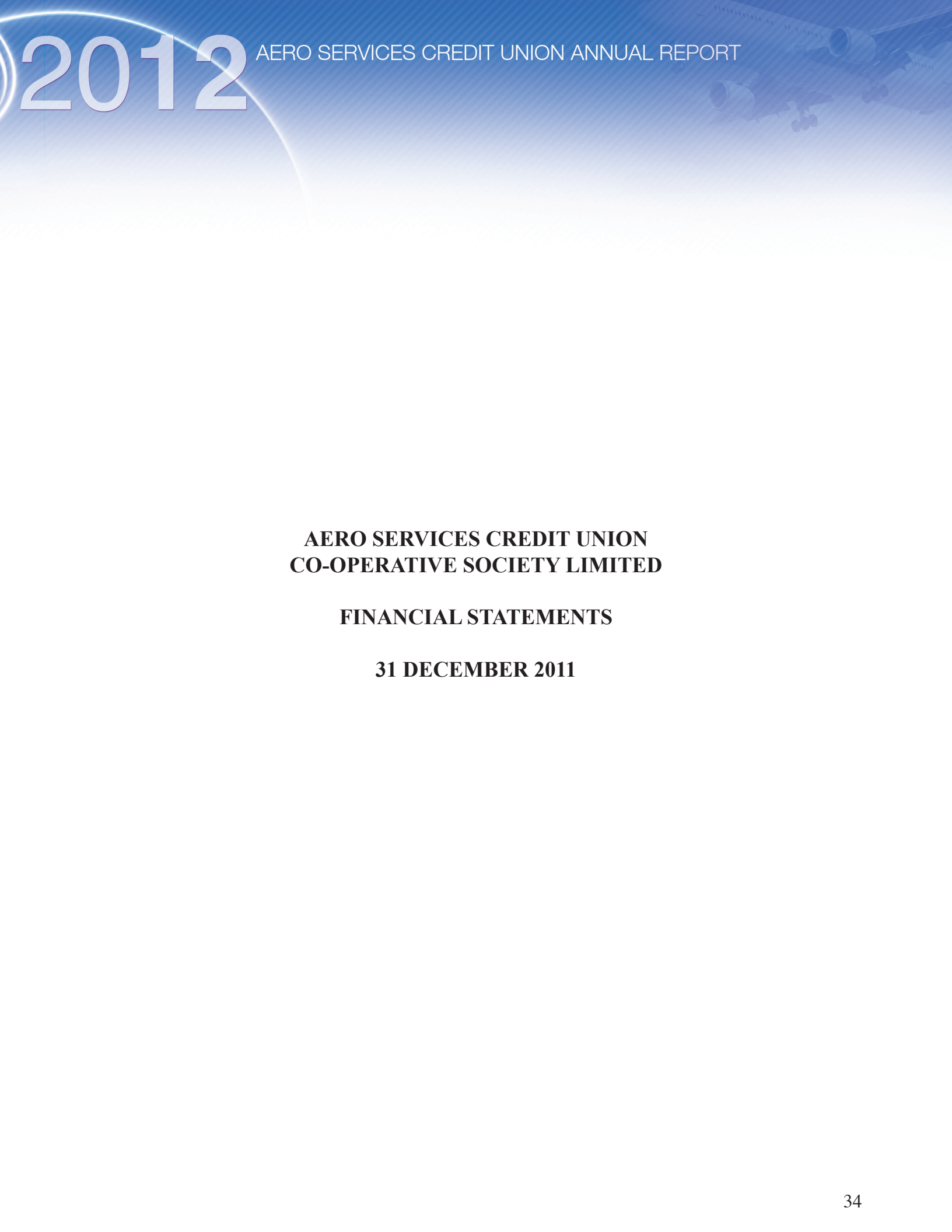
Kester Husbands
Chairman

The following persons are requested to contact the office urgently. Anyone knowing the whereabouts of the under-mentioned persons is also kindly asked to contact the office.

A. Francisco Medina-Diaz
Abby Williams
Adam Sahadeo
Adana Sween
Akilah Duncan
Alana Doyle
Allison Harris
Andre Mc Kenzie
Anjel Patrong
Ann Marie Noreiga James
Ann Marie Redon
Anthony Isaac
Anthony Sagar
Ashly Byer
Ashton Goddard
Augustine Jennings
Aurea Walter
Aveion Ramsey
Ayanna John
Betty-Ann Lewis-Mc Kenna
Brent Mc Kenna
Brian Briggs
Brian Green
Catherine Andrews
Celine Tababa
Clinton De Verteuil
Collin Mitchell
Collin Warner
Curt Smart
Damian Badal
Daniel Burgess
Dave Cooper
Debra Ramadhar
Delores Sharon Dyer
Demar Bonner
Denzil Edwards
Dominique Bruce
Ecliff Lewis
Elton Charles
Emboya James Chack On
Eustace Dyer
Fernando Gonzales
Frank Roberts
Ganesh Singh
Garbriel Lashley

Gerard Celestine
Gillian Benjamin
Gillian Jack
Glenford Joseph
Haydn Mitchell
Heather Rodriguez
James Mc Donald
Jamie Bagoo
Jason Flaviney
Jennifer Ramos
Jimmy Pierre
Jina Teelucksingh
Joan De Verteuil
Joanne O'garro
Judy-Ann Nelson
Julien Drayton
Julien Duncan
Junior Leigertwood
Karimah Hislop
Karleen Pereira
Keegan Ali
Keisha Davidson
Keith David
Kerwyn Hollingsworth
Kessa Gilbert
Kevin Walter Wilson
Kimberly Beharry
Kimberly Williams
Larry Sylvester
Laurence A De Leon
Lerrick Grandison
Luzan Krystal Narcis
Lyndon Daniel Garcia
Marcus Samuel
Marlon Morang
Marsha Pascal
Matthew Williams
Michael John
Michelle Forde Mills
Natasha Drysdale
Neil Mungal
Nelton Augustine
Nigel Hinds
Norris Davy
Onika Anderson

Oral Seifert
Raiferanns Briggs
Raquel Chandler
Ravi Seunath
Rebecca Wolfe
Reynold Abraham
Richard Codrington
Ricky Latchman
Rishi Sandassie
Robert Augustus
Robert D'Arceuil
Ronald Ali
Rosa Mahabir
Ryan Seepersad
Sean Seenath
Sheldon Azua
Sheldon Cassa
Shelly Ann Kent
Sherlon Tidd
Sindy M Garcia
Stephanie N Khan
Stephen Ramos
Syamkaran Singh
Tatum Carrera
Terrence John
Theodore Keizer
Thomas Eddison
Thomas Garcia
Tyrell Crosby
Uster Phillips
Vearon Noel Austin
Wayne Thomas
Winston Clarke
Yolanda Mitchell
Zephrian Toppin



2012

AERO SERVICES CREDIT UNION ANNUAL REPORT

**AERO SERVICES CREDIT UNION
CO-OPERATIVE SOCIETY LIMITED**

FINANCIAL STATEMENTS

31 DECEMBER 2011

**AERO SERVICES CREDIT UNION
CO-OPERATIVE SOCIETY LIMITED**

I N D E X

	<u>Page</u>
Statement of Management Responsibilities	1
Independent Auditors' Report	2
Statement of Financial Position	3
Statement of Comprehensive Income	4
Statement of Appropriated Funds and Undivided Surplus	5 - 6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 25
Schedules to the Financial Statements	26 - 28

Aero Services Credit Union Cooperative Society Limited**Statement of Management Responsibilities**

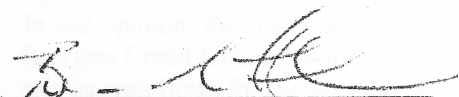
It is the responsibility of management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union as at the end of the financial year and of the operating results of the Credit Union for the year. It is also management's responsibility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

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

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

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

Yours faithfully
AERO SERVICES CREDIT UNION



Brian Matthew (Mr.)
PRESIDENT



Cecily Jerome (Ms.)
TREASURER



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 2011, 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 information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Aero Services Credit Union Co-operative Society Limited as of 31 December 2011, 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 2012

Direct tel (868) 624-4569 | Direct fax (868) 624-4388

Email pkf-trinidad@trinidad.net

PKF | 245 Belmont Circular Road | PO Bag 250 | Belmont | Port-of-Spain | Trinidad | WI

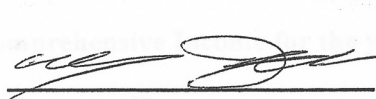
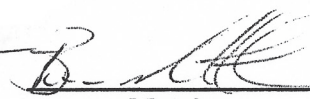
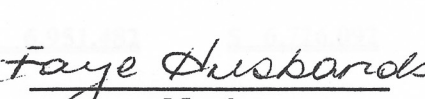
Partners Ainsley A. Mark | Michael G. Toney | Renéé-Lisa Philip | Mark K. Superville

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF FINANCIAL POSITION

ASSETS			
	Notes	31 December 2011	2010
Cash Resources:			
Cash in hand and at bank	5	\$ 3,982,491	\$ 1,999,567
Investments	6	<u>76,856,997</u>	<u>83,990,621</u>
Total Cash Resources		<u>80,839,488</u>	<u>85,990,188</u>
Other Assets:			
Accounts receivable and prepayments	7	3,944,609	4,500,964
Other investments	8	12,063,518	9,632,608
Loans to members	9	84,748,653	86,995,644
Inventory		102,497	101,831
Fixed assets	10	<u>7,056,281</u>	<u>7,196,800</u>
Total Assets		<u>\$ 188,755,046</u>	<u>\$ 194,418,035</u>
LIABILITIES AND MEMBERS' EQUITY			
Liabilities:			
Bank overdraft	11	\$ -	\$ 2,431,574
Accounts payable and accruals	12	1,846,448	1,796,909
Members' deposits		52,951,308	69,635,083
Unclaimed dividends and shares		406,128	406,128
Proposed honoraria		170,415	186,092
Members' shares	13	<u>105,399,650</u>	<u>94,733,444</u>
Total Liabilities		<u>160,773,949</u>	<u>169,189,230</u>
Members' Equity:			
Reserve Fund		9,877,272	9,267,551
Education Fund		1,247,818	1,202,583
Development Fund		652,161	652,161
Investment Re-measurement Reserve	14	2,154,681	1,210,405
Special Reserve Fund		226,648	226,648
Undivided Surplus		<u>13,822,517</u>	<u>12,669,457</u>
Total Members' Equity		<u>27,981,097</u>	<u>25,228,805</u>
Total Liabilities and Members' Equity		<u>\$ 188,755,046</u>	<u>\$ 194,418,035</u>

These financial statements were approved by the Board of Directors and authorised for issue on 6 March 2012 and signed on their behalf by:

		
Treasurer	Member	Member
	Board of Directors	Supervisory Committee

(The accompanying notes form part of these financial statements)

**AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF COMPREHENSIVE INCOME**

		For the year ended 31 December	
	<u>Schedules</u>	<u>2011</u>	<u>2010</u>
Income:			
Interest on loans		\$ 11,501,055	\$ 12,208,879
Investment income		2,301,684	3,661,353
Rental income		477,194	474,623
Entrance fees		9,000	11,890
Miscellaneous income		355,837	611,076
Service charge		<u>52,205</u>	<u>56,385</u>
Total Income		<u>14,696,975</u>	<u>17,024,206</u>
General and Administrative Expenses:			
Personnel cost	1	1,582,258	1,551,410
Operational cost	2	1,050,831	1,114,652
Financial cost	3	1,925,384	4,771,472
Administrative cost	4	524,178	434,497
Bad and doubtful loans expense		600,000	600,000
Risk management	5	666,250	642,777
Rental expenses		414,522	379,035
Depreciation		299,817	288,702
Officers' and committee expenses	6	536,046	614,314
Amortisation of bond premium		<u>381</u>	<u>-</u>
Total General and Administrative Expenses		<u>7,599,667</u>	<u>10,396,859</u>
Operating surplus for the year		7,097,308	6,627,347
Impairment of investment income		<u>(1,090,102)</u>	<u>(171,136)</u>
Net surplus for the year		6,007,206	6,456,211
Other Comprehensive Income:			
Unrealised gain on available-for-sale financial assets		<u>944,276</u>	<u>269,881</u>
Total Comprehensive Income for the year		<u>\$ 6,951,482</u>	<u>\$ 6,726,092</u>

(The accompanying notes form part of these financial statements)

**AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF APPROPRIATED FUNDS AND UNDIVIDED SURPLUS
31 DECEMBER 2011**

	<u>Reserve Fund</u>	<u>Education Fund</u>	<u>Investment Re-measurement Reserve</u>	<u>Special Reserve Fund</u>	<u>Undivided Surplus</u>
Balance as at 1 January 2011	\$ 9,267,551	\$ 1,202,583	\$ 1,210,405	\$ 226,648	\$ 12,669,457
Add:					
Net surplus for the year	-	-	944,276	-	6,007,206
(i) 10% to Reserve Fund	600,721	-	-	-	(600,721)
(ii) 5% of the balance to the Education Fund	<u>-</u>	<u>270,324</u>	<u>-</u>	<u>-</u>	<u>(270,324)</u>
	9,868,272	1,472,907	2,154,681	226,648	17,805,618
Entrance fees	9,000	-	-	-	(9,000)
Meetings and conferences	-	(156,090)	-	-	156,090
Education Committee Expenses	-	(68,999)	-	-	68,999
Dividends paid - 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,199,190)</u>
Balance at 31 December 2011	<u>\$ 9,877,272</u>	<u>\$ 1,247,818</u>	<u>\$ 2,154,681</u>	<u>\$ 226,648</u>	<u>\$ 13,822,517</u>

(The accompanying notes form part of these financial statements)

**AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF APPROPRIATED FUNDS AND UNDIVIDED SURPLUS (CONT'D)
31 DECEMBER 2011**

	<u>Reserve Fund</u>	<u>Education Fund</u>	<u>Investment Re-measurement Reserve</u>	<u>Special Reserve Fund</u>	<u>Undivided Surplus</u>
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	<u>-</u>	<u>290,530</u>	<u>-</u>	<u>-</u>	<u>(290,530)</u>
	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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,802,161)</u>
Balance at 31 December 2010	<u>\$ 9,267,551</u>	<u>\$ 1,202,583</u>	<u>\$ 1,210,405</u>	<u>\$ 226,648</u>	<u>\$ 12,669,457</u>

(The accompanying notes form part of these financial statements)

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
STATEMENT OF CASH FLOWS

	For the year ended	
	<u>2011</u>	31 December <u>2010</u>
Cash Flows from Operating Activities:		
Net surplus for the year	\$ 6,007,206	\$ 6,456,211
Amortisation of bond premium	381	-
Bad and doubtful loans expense	600,000	600,000
Impairment of investment income	1,090,102	171,136
Depreciation	<u>299,817</u>	<u>288,702</u>
	7,997,506	7,516,049
Net change in accounts receivables and prepayments	556,355	50,367
Net change in inventory	(666)	(89,061)
Net change in accounts payable, accruals and honoraria	33,862	(1,168,455)
Net change in unclaimed dividends and shares	<u>-</u>	<u>53,466</u>
Cash provided by Operating Activities	<u>8,587,057</u>	<u>6,362,366</u>
Cash Flows from Investing Activities:		
Net change in loans to members	1,646,991	1,619,723
Net change in fixed assets	(159,298)	(804,154)
Net change in other investments	(1,487,015)	(33,345)
Net change in investments	<u>6,043,522</u>	<u>9,514,455</u>
Cash provided by Investing Activities	<u>6,044,200</u>	<u>10,296,679</u>
Cash Flows from Financing Activities:		
Net change in members' deposits	(16,683,775)	(25,978,971)
Net change in loan – Intercommercial Bank	-	(202,500)
Dividends and honoraria paid	(4,199,190)	(4,802,161)
Increase in share capital	<u>10,666,206</u>	<u>9,285,970</u>
Cash used in Financing Activities	<u>(10,216,759)</u>	<u>(21,697,662)</u>
Net change in cash resources	4,414,498	(5,038,617)
Net cash resources, beginning of year	<u>(432,007)</u>	<u>4,606,610</u>
Net cash resources, end of year	<u>\$ 3,982,491</u>	<u>\$ (432,007)</u>
Represented by:		
Cash in hand and at bank	\$ 3,982,491	\$ 1,999,567
Bank overdraft	<u>-</u>	<u>(2,431,574)</u>
	<u>\$ 3,982,491</u>	<u>\$ (432,007)</u>

(The accompanying notes form part of these financial statements)

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

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 IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine, which became effective during the current year, as it does not apply to the activities of the Society.
- 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, except for IFRS 9 Financial Instruments:

IFRS 1 First-time Adoption of International Financial Reporting Standards –
Replacement of “fixed dates” for certain exceptions with “the date of
transition to IFRSs” (effective for accounting periods beginning on or
after 1 July 2011).

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. Significant Accounting Policies (Cont'd):

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

IFRS 1	First-time Adoption of International Financial Reporting Standards –Additional exemption for entities ceasing to suffer from hyperinflation (effective for accounting periods beginning on or after 1 July 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 9	Financial Instruments: Classification and Measurement (effective for accounting periods beginning on or after 1 January 2015).
IFRS 9	Financial Instruments: Accounting for Financial Liabilities and Derecognition (effective for accounting periods beginning on or after 1 January 2015).
IFRS 10	Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2013).
IFRS 11	Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013).
IFRS 12	Disclosure of Interest in Other Entities (effective for accounting periods beginning on or after 1 January 2013).
IFRS 13	Fair Value Measurement (effective for accounting periods beginning on or after 1 January 2013).
IAS 1	Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented (effective for accounting periods beginning on or after 1 July 2012).
IAS 12	Income Taxes – Limited scope amendment - recovery of underlying assets (effective for accounting periods beginning on or after 1 January 2012).
IAS 19	Employee Benefits – Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective for accounting periods beginning on or after 1 January 2013).

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. Significant Accounting Policies (Cont'd):

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

IAS 27	Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2013).
IAS 28	Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2013).
IAS 32	Financial Instruments; Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities (effective for accounting periods beginning on or after 1 January 2014).
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).

The adoption of IFRS 9 Financial Instruments may result in significant changes in the Society's classification and presentation of financial instruments.

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.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. Significant Accounting Policies (Cont'd):

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.

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.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. Significant Accounting Policies (Cont'd):

f) Financial instruments (cont'd) -

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.

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 liabilities and stated at fair value.

g) Revenue recognition -

Loan Interest

Interest charged on all loans to members is calculated at 1.25% per month on the outstanding balance at the end of each month and is accounted for on the accrual basis, with the exception of personal loans which are calculated at 1% per month.

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.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. Significant Accounting Policies (Cont'd):

g) Revenue recognition (cont'd) -

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.

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.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

2. Significant Accounting Policies (Cont'd):

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 valuers. Changes in fair values are recorded as an adjustment to the opening Undivided Earnings balance in accordance with IAS #40.

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.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

3. Financial Risk Management (Cont'd):

Financial risk factors (cont'd)

b) Credit risk -

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the 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.

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.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

3. Financial Risk Management (Cont'd):

c) Liquidity risk (cont'd) -

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.

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.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

3. Financial Risk Management (Cont'd):

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:

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:

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

4. Critical Accounting Estimates and Judgments:

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:

	<u>2011</u>	31 December <u>2010</u>
Petty cash	\$ 7,639	\$ 14,414
RBTT Bank Limited - Current account	2,143,516	-
- US\$ Savings account	1,742,037	1,684,902
- Tobago	<u>89,299</u>	<u>300,251</u>
	<u>\$ 3,982,491</u>	<u>\$ 1,999,567</u>

6. Investments:

<u>Available-for-sale</u>	<u>2011</u>	31 December <u>2010</u>
Fixed deposits	\$ 64,716,723	\$ 60,049,916
Money Market Funds	<u>13,401,512</u>	<u>24,111,841</u>
	78,118,235	84,161,757
Provision for impaired investment	<u>(1,261,238)</u>	<u>(171,136)</u>
	<u>\$ 76,856,997</u>	<u>\$ 83,990,621</u>

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

6. Investments (Cont'd):

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 Co-operative Society Limited has opted to impair all accrued interest on its CLICO investments.

7. Accounts Receivable and Prepayments:

	<u>2011</u>	31 December <u>2010</u>
Interest receivable	\$ 2,106,854	\$ 2,909,873
Payroll deductions receivable	1,221,299	1,423,863
Other receivables	523,289	77,462
Prepayments	<u>93,167</u>	<u>89,766</u>
	<u>\$ 3,944,609</u>	<u>\$ 4,500,964</u>

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

8. Other Investments:

	<u>2011</u>	31 December <u>2010</u>
<u>Available-for-sale</u>		
Quoted investments	\$11,283,919	\$ 8,850,798
Unquoted investments	<u>779,599</u>	<u>781,810</u>
	12,063,518	9,632,608
<u>Held to maturity</u>		
HILOC	876,905	876,905
Provision for investment loss	<u>(876,905)</u>	<u>(876,905)</u>
	<u>\$12,063,518</u>	<u>\$ 9,632,608</u>

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.

	<u>2011</u>	31 December <u>2010</u>
Outstanding principal balances	\$ 88,065,271	\$ 89,712,262
Less: Provision for loan losses	<u>(3,316,618)</u>	<u>(2,716,618)</u>
	<u>\$ 84,748,653</u>	<u>\$ 86,995,644</u>

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

10. Fixed Assets:

Cost	Freehold land	Building - Trinity	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
Balance as at 1 January 2011	\$ 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
Additions	-	-	54,501	16,258	-	-	-	-	17,000	-	71,539	159,298
Balance as at 31 December 2011	<u>522,345</u>	<u>2,250,316</u>	<u>974,651</u>	<u>872,049</u>	<u>88,186</u>	<u>81,012</u>	<u>844,887</u>	<u>113,551</u>	<u>2,996,183</u>	<u>243,600</u>	<u>778,292</u>	<u>9,765,072</u>
Accumulated Depreciation												
Balance as at 1 January 2011	-	756,006	597,986	647,596	76,202	33,979	122,897	4,575	-	169,733	-	2,408,974
Charge for the year	-	45,006	102,789	57,168	6,823	8,101	16,898	2,132	-	60,900	-	299,817
Balance as at 31 December 2011	-	<u>801,012</u>	<u>700,775</u>	<u>704,764</u>	<u>83,025</u>	<u>42,080</u>	<u>139,795</u>	<u>6,707</u>	-	<u>230,633</u>	-	<u>2,708,791</u>
Net Book Value												
Balance as at 31 December 2011	<u>\$ 522,345</u>	<u>\$ 1,449,304</u>	<u>\$ 273,876</u>	<u>\$ 167,285</u>	<u>\$ 5,161</u>	<u>\$ 38,932</u>	<u>\$ 705,092</u>	<u>\$ 106,844</u>	<u>\$ 2,996,183</u>	<u>\$ 12,967</u>	<u>\$ 778,292</u>	<u>\$ 7,056,281</u>
Balance as at 31 December 2010	<u>\$ 522,345</u>	<u>\$ 1,494,310</u>	<u>\$ 322,164</u>	<u>\$ 208,195</u>	<u>\$ 11,984</u>	<u>\$ 47,033</u>	<u>\$ 721,990</u>	<u>\$ 108,976</u>	<u>\$ 2,979,183</u>	<u>\$ 73,867</u>	<u>\$ 706,753</u>	<u>\$ 7,196,800</u>

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

10. Fixed Assets (Cont'd):

Cost	Freehold land	Building - Trinity	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 Pavilion in progress	Total
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

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

11. Bank Overdraft:

	<u>2011</u>	31 December <u>2010</u>
RBTT Current account	\$ <u>-</u>	\$ <u>2,431,574</u>

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:

	<u>2011</u>	31 December <u>2010</u>
Audit fees	\$ 61,100	\$ 48,200
Value Added Tax payable	(17,448)	3,719
CUNA claims	475,379	728,581
CUNA insurance	49,385	95,212
Fixed deposit interest payable	193,092	126,742
Other payables	182,874	121,371
Accruals	411,795	270,544
Stale-dated cheques	<u>490,271</u>	<u>402,540</u>
	<u>\$ 1,846,448</u>	<u>\$ 1,796,909</u>

13. 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. In accordance with International Financial Reporting Interpretation (IFRIC) Interpretation #2, redeemable shares have been treated as liabilities.

14. Investment Re-Measurement Reserve:

As at 31 December 2011, the Society's available-for-sale investments had been re-measured to their fair values and the resulting unrealised gain of **\$944,276** has been transferred to the Investment Re-measurement Reserve in accordance with IAS #39.

15. Dividends:

The Board of Directors has proposed a dividend of 4% for the year ended 31 December 2011. This is not recorded as a liability in accordance with IAS #10.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

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.

c) Investments -

The fair values of investments are determined on the basis of quoted market prices available at 31 December 2011.

d) Members' deposits -

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

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.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

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.

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

	<u>2011</u>	<u>31 December 2010</u>
Assets		
Loans to directors and key management personnel and related persons	<u>\$1,813,687</u>	<u>\$1,693,647</u>
Deposits and other liabilities		
Deposits held by directors and key management personnel and related persons	\$ 963,243	\$1,989,658
Shares held by directors and key management personnel and related persons	<u>2,123,706</u>	<u>1,220,047</u>
	<u>\$3,086,949</u>	<u>\$3,209,705</u>
Income		
Directors and key management personnel	<u>\$ -</u>	<u>\$ 10,800</u>
Interest and other expenses		
Directors and key management personnel	<u>\$ 195,187</u>	<u>\$ 247,140</u>
Key management compensation		
Short-term benefits	\$ 497,193	\$ 431,211
Post employment benefits	<u>18,659</u>	<u>34,351</u>
	<u>\$ 515,852</u>	<u>\$ 465,562</u>

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
SCHEDULES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

1. Personnel Cost:

	<u>2011</u>	<u>31 December</u> <u>2010</u>
Ex-gratia and incentives	\$ 73,807	\$ 74,268
Gratuity	-	8,640
Salaries and allowances	1,278,626	1,163,019
Staff overtime	-	8,209
Staff NIS, pension and medical plan	182,884	209,201
Staff training and development	39,897	6,700
Staff uniforms	3,206	35,116
Responsibility allowance	1,800	14,328
Travelling and subsistence	<u>2,038</u>	<u>31,929</u>
	<u>\$ 1,582,258</u>	<u>\$ 1,551,410</u>

2. Operational Cost:

	<u>2011</u>	<u>31 December</u> <u>2010</u>
Accounting services	\$ 117,000	\$ 91,425
Advertising	28,603	29,226
Audit fees	61,200	62,733
Cable expenses	4,568	7,162
Caribbean Airlines Tie-line	-	5,948
Computer expenses	33,951	39,229
Courier	227	350
Electricity	54,094	61,630
Equipment repairs and maintenance	33,834	32,953
Internet rental charges	12,407	20,373
Janitorial services	23,266	25,389
Legal and professional fees	117,078	73,828
Membership cards	2,134	626
Miscellaneous	48,810	19,167
Motor vehicle expenses	46,906	45,969
Office refreshments	26,562	30,690
Postage expense	10,000	20,360
Printing, stationery and office supplies	74,557	103,177
Property maintenance cost	149,741	155,433
Rates and taxes	127	-
Security services	134,054	212,087
Telephones	71,484	76,897
Water rates	<u>228</u>	<u>-</u>
	<u>\$ 1,050,831</u>	<u>\$ 1,114,652</u>

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
SCHEDULES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

3. Financial Cost:

	<u>2011</u>	31 December <u>2010</u>
Bank charges	\$ 7,725	\$ 17,157
Linx charges	9,600	1,213
Interest on members' fixed deposits	1,895,768	4,723,822
Interest on members' savings deposits	-	10,791
Loan interest and charges	-	8,988
Overdraft interest	12,291	9,501
	<u>\$ 1,925,384</u>	<u>\$ 4,771,472</u>

4. Administrative Cost:

	<u>2011</u>	31 December <u>2010</u>
Anniversary celebrations	\$ -	\$ 55,965
Annual General Meeting	155,218	161,086
Association of Credit Union Presidents	3,500	3,000
Donations	14,125	16,324
Education Fund expense	68,999	68,425
Meetings and conferences	156,090	117,538
Promotions	28,440	-
Strategic planning session	97,806	12,159
	<u>\$ 524,178</u>	<u>\$ 434,497</u>

5. Risk Management:

	<u>2011</u>	31 December <u>2010</u>
CUNA LP and LS coverage	\$ 596,016	\$ 572,361
Fidelity guarantee	5,762	7,949
Fire insurance	34,597	32,883
Group life insurance	29,875	29,584
	<u>\$ 666,250</u>	<u>\$ 642,777</u>

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED
SCHEDULES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

6. Officers' and Committee Expenses:

	<u>2011</u>	31 December <u>2010</u>
Board and committee allowances	\$ 151,136	\$ 148,908
Board of Directors Christmas party	12,040	33,490
Ex-gratia	17,343	18,000
Co-operative activities	-	10,265
Refreshments	5,278	5,010
Social and cultural committee	185,454	217,423
Honoraria expense	<u>164,795</u>	<u>181,218</u>
	<u>\$ 536,046</u>	<u>\$ 614,314</u>

BUDGET PROPOSAL FOR THE YEAR ENDING DECEMBER 31, 2012

PROPOSED BUDGET

<u>REVENUE</u>	Budget 2012	Actual as of December 2011	Budget 2011
Interest on Loans	12,245,142	11,501,055	12,310,455
Investment Income	2,060,864	2,301,684	2,469,055
Rental Income	596,653	477,194	642,317
Entrance Fees	11,700	9,000	18,000
Miscellaneous Income	363,371	355,837	235,000
Service Charge	<u>57,500</u>	<u>52,205</u>	<u>65,600</u>
	<u>15,335,231</u>	<u>14,696,975</u>	<u>15,740,426</u>
<u>EXPENSES</u>			
Personnel Cost	1,838,376	1,582,258	1,962,879
Operational Cost	1,148,376	1,050,831	1,097,242
Financial Cost	1,940,296	1,925,384	3,031,106
Administrative Cost	404,771	524,178	581,097
Provision for Bad Debt/Investment Impairment	600,000	600,000	600,000
Risk Management	716,298	666,250	691,393
Rental Expenses & Other Property Expenses	492,420	414,522	758,603
Depreciation	333,181	299,817	347,330
Amortization Expenses -Bond Premium		381	
Officers & Committee	<u>558,560</u>	<u>536,046</u>	<u>556,674</u>
	<u>8,032,279</u>	<u>7,599,667</u>	<u>9,626,324</u>
<u>Operating Surplus for the year</u>	<u>7,302,952</u>	<u>7,097,308</u>	<u>6,114,103</u>
Impairment of Investment Income	-	(1,090,102)	-
<u>Net Surplus for the year</u>	<u>7,302,952</u>	<u>6,007,206</u>	<u>6,114,103</u>
Unrealised gain on available for sale financial assets	-	944,276	-
Total Comprehensive Income for the year	<u>7,302,952</u>	<u>6,951,482</u>	<u>6,114,103</u>

**BUDGET PROPOSAL
FOR THE YEAR ENDING DECEMBER 31, 2012
CAPITAL EXPENDITURE BUDGET**

	PROPOSED BUDGET		
	Budget 2012	Actual as of December 2011	Budget 2011
Computers and Software	50,000	54,501	62,000
Office Equipment & Fixtures	50,000	16,258	50,000
Building Improvements	30,000,000	17,000	30,000,000
Motor Vehicle	0	0	0
Property-Factory Road	89,200	71,539	77,519
Coral Ridge Furniture and Equipment	0	0	0
IBL - Debit Card Facility - Start Up Cost Estimated	70,000	0	0
Telephone System	45,000	0	45,000
Security Equipment	0	0	0
Information Systems Upgrade - Emortelle Upgrade GIA/IBL Module	<u>50,000</u>	<u>0</u>	<u>72,731</u>
Debit Card and Trans Union Module - \$35,000 for RIA Upgrade			
	<u>30,354,200</u>	<u>159,298</u>	<u>30,307,250</u>

Computers and Software

About ten (10) computers are over four (4) years old and are due for replacement and/or upgrade.
The budget is for the replacement of seven (7) of the ten.

Telephone Equipment

Complete replacement of system.

Office Equipment and and Fixtures

To acquire furniture and equipment for staff working at the credit union. Furniture and Filing Cabinets for Member Files (Fire Proof Cabinets range \$15,000 - \$18,000 per cabinet) X 2 plus furniture (Cubicles etc)

IBL Debit Card Facility/Gia Emortelle Upgrade

The decision to move forward with the Debit card project, further expected costs to facilitate this decision, MSD and IT resources.

Building Improvements

This item was budgeted in year 2011 but was the project was not accomplished.

Factory Road

Proposed Works as per quotations

Scope of Plumbing Works	26,600
scope of Work of Lounge Area	17,500
Concrete works on pavillion	35,100
Additonal Costs	<u>10,000</u>
	<u>89,200</u>

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

Notes - Budgetary allocations for 2012.

Note 1 Interest on Loans

A marginal increase 6% or 744K has been factored for a lean loan performance for 2012. The economic downturn and reduction of disposable income in the society will continue to contribute to minimal growth for 2012.

Note 2 Investment Income

A 10% or \$240K decrease has been forecasted for fiscal 2012. Contraction in interest rates through-out 2011 across the financial services sector has led to an overall decrease in returns in the form of interest earned on investments. In addition a material amount of longer term investment portfolio negotiated at higher rates are maturing during 2012. Little improvement is forecasted for returns in fiscal 2012. Hence lower returns have been budgeted.

Note 3 Rental Income

Sustained occupancy of the available space and rent increases for some of the available space has driven the overall 25% increase in the 2012 forecast of \$119K. The facility at Factory Road is also expected to contribute to increased rental income.

Note 4 Personnel Cost

The Regulatory environment of Credit Unions has been dramatically changed with the passing of FIU Legislation and the forecasted passing of legislation to bring credit unions under the regulation of the Inspector of Banks of the Central Bank of Trinidad and Tobago. A staffing requirement of an Internal Audit Officer has been budgeted. In addition a Business Development Officer was recruited in November 2011 and the General Manager in March 2011. Annualising these salaries has contributed to this increase. The two positions in the main account for the planned 16% increase in personnel costs for 2012.

Note 5 Operational Cost

A 10% or \$97K increase is forecasted for 2012. The items included in this category are :- Accounting Services, Promotions, Advertising, Audit Fees, Cable Expense, Computer Expenses, Courier, Electricity, Equipment repairs and maintenance, Internet Rental Charges, Janitorial Services, Legal & Professional fees, Motor Vehicle Maintenance, Miscellaneous, Office refreshments, Postage Expense, Printing, Stationery & Office Supplies Property Maintenance, Public Liability, Security Services, Telephones, Web Site Design and Maintenance. Increased expenditures are forecasted for the introductory costs of the IBL Debit Card and increased legal and debt collector fees for the collection effort on delinquent loans.

Note 6 Financial Cost

This cost comprises of primarily fixed deposit interest paid to members. Although the Fixed Deposit portfolio has been decreased over year 2011, the planned drive to grow this portfolio has resulted in the maintenance of budgeted financial cost.

Note 7 Administrative Cost

The major contributor to this reduced budget against 2011 actuals is the non-budgeting of the 3 year Strategic Plan which is undertaken in year 2011. Also it is planned to reduce attendance at the WOCCU conference from four (4) to three (3) in 2012. These two items resulted in a 23% or \$119K reduction in 2012 budget over the 2011 expenditure level.

Note 8 Risk Management

A modest 8% increase on the actual amount of Cuna LP & LS Coverage for 2012 has been projected for 2012. It is intended to share the cost of the "loan protection" portion of this premium with the members on a 50/50 basis from 2012.

Note 9 Rental Expenses & Other Property Expenses

The planned 19% increase in Rental Expenses of \$78K is mainly due to the maintenance and operational costs of the Factory Road Facility and rate increases in Janitorial Services and Security Fees.

Note 10 Officers & Committee

Based on the marginal 6% increase in revenues and the anticipated new and strict regulatory environment which compels a requirement for additional resources for compliance, planned expenditure for events and functions have been held at 2011 budgeted levels. It is also expected that some functions will be planned to attract some revenues to offset any additional expenditures which the Committees may wish to incur. Thus only a 4% or \$22K increase over 2011 expenditure is forecasted.

RESOLUTIONS

AUDITORS

Being satisfied with the thoroughness and effective application of the External Auditors, the Board of Directors of Aero Services Credit Union recommends that the firm of D. MONTGOMERY & COMPANY be retained as External Auditors for 2012

DISTRIBUTION OF SURPLUS

DIVIDENDS

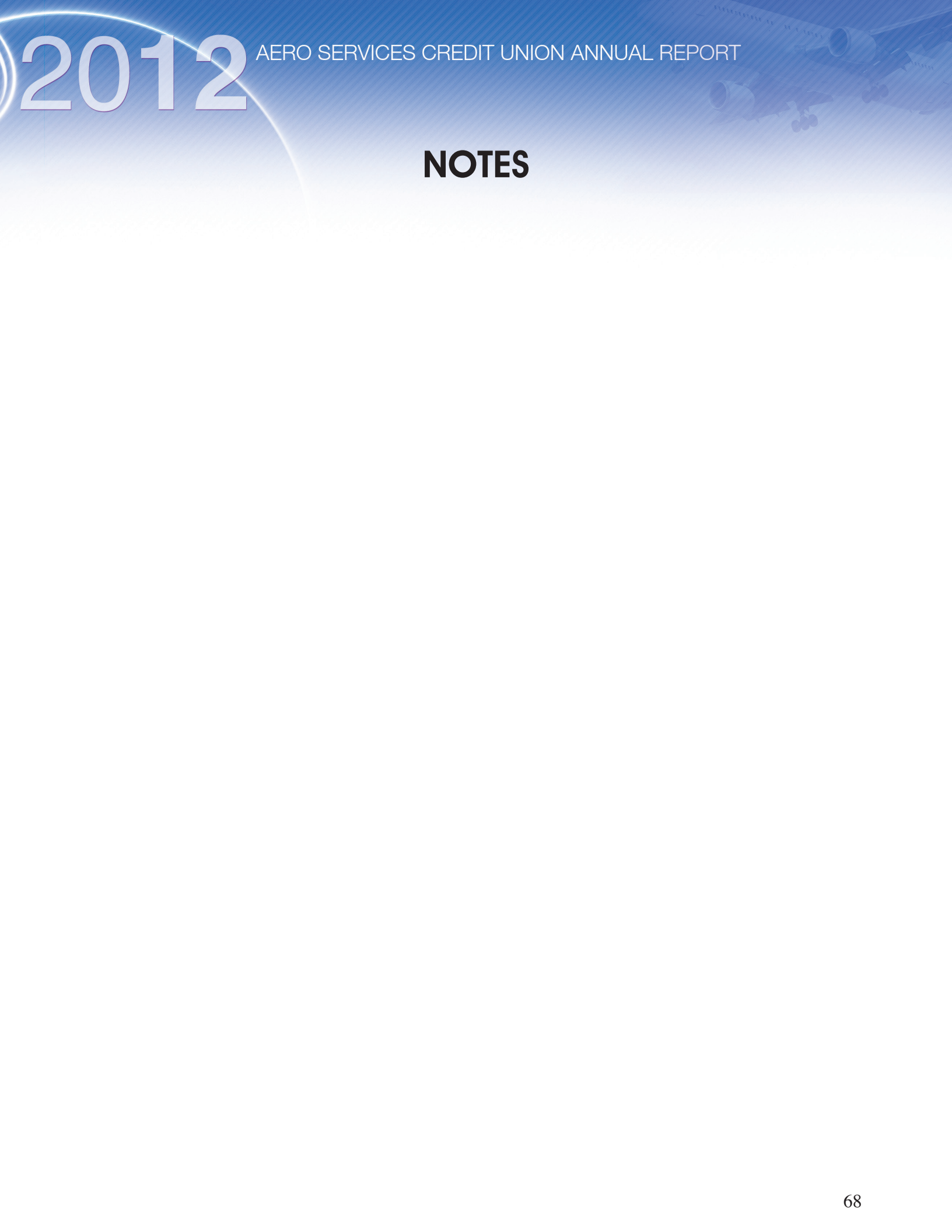
Be it resolved that the Annual General Meeting approves a dividend of four percent (4%) on each member's share holding to be disbursed according to the member's request.

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.

HONORARIA

Be it resolved that 3% of the undivided surplus, after all Statutory deductions are made, be allocated to the Board of Directors and Statutory Committees.



2012

AERO SERVICES CREDIT UNION ANNUAL REPORT

NOTES



Tel: 640-6416 / 640-9902 Fax: 640-7783
Website: www.aeroservicescu.com
Email: aerocu@tstt.net.tt