

AERO SERVICES CREDIT UNION
CO-OPERATIVE SOCIETY LIMITED



CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENT



COMMUNITY



MARKETPLACE



WORKPLACE

47th

Annual General Meeting

SATURDAY 4TH MAY, 2019
TRINITY COLLEGE EAST,
#1 COLLEGE AVENUE,
TRINCITY CENTRAL ROAD,
TRINCITY

What does **Corporate Social Responsibility** mean to Aero Services Credit Union?

It means, we 'take-care' of you!

Aero's Employee Volunteers assisting members in Greenvale Gardens, La Horquetta after the natural disaster floods on October 20th, 2018.



Helping



Restore



Hope

The 2019 AGM brochure cover was created by ASCU's nineteen year old member Ariel Rudder, who is the winner of the AGM brochure cover design competition. Congratulations to her

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 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 in dying that we are born to Eternal Life*

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NOTICE

Notice is hereby given that the 47th Annual General Meeting of Aero Services Credit Union Co-operative Society Limited will be held on Saturday 4th May 2019 at Trinity College East, #1 College Avenue, Trincity Central Road, Trincity at 1.00pm.

AGENDA

1. Credential Report
2. National Anthem and Credit Union Prayer
3. Notice of Meeting
4. Standing Orders
5. President's Address
6. Minutes of the last Annual General Meeting
7. Reports 2018
 - 7.1 Board of Directors
 - 7.2 Credit Committee
 - 7.3 Supervisory Committee
 - 7.4 Education Committee
 - 7.5 Tobago Committee
 - 7.6 Nominating Committee
8. Auditor's Report
9. Financial Report
10. Budget Presentation
11. Resolutions / Recommendations
12. Elections of Officers
 - 12.1 Supervisory Committee
 - 12.2 Credit Committee
 - 12.3 Board of Directors
13. Other Business
14. Vote of Thanks
15. Closure
16. Refreshments

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) At no time 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 a 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) *Persons nominated will assemble before the audience and introduce themselves.*
- 3) *The Returning Officer will declare when to start filling out the ballots and when the ballots shall be cast.*
- 4) *The appointed persons will confirm the ballots while the meeting is in progress.*
- 5) *The results will be announced immediately on completion of the count.*

PRESIDENT'S MESSAGE



Dear Valued Members:

It is my distinct pleasure to report to you on our tenure during 2018 term. As I reflect on the past year it seemed like yesterday when I assumed the Presidency of Aero Services Credit Union. In reality, nine (9) years have gone by and our Credit Union has grown by just over \$100M in Total Assets and by a little over 1,500 in Membership

Statistics alone would be inadequate to do justice to the many strides we have made as an organization over the years and I am eternally grateful to God Almighty first and foremost and for the support of each member of ASCU. I also embrace those who have critiqued the organization along the way because it was often these comments that spurred us on to accomplish far better more than we think we were

able to. We strive to live our motto every day and sincerely hope that we have met our objective. The well-being of our members is at the heart of our every decision.

Trinidad and Tobago Economy

In 2018, there was some evidence of improvement in the energy and non-energy sectors with very modest growth being experienced.

In the second and third quarters of 2018, economic activity was characterized by higher prices and greater output in the oil and gas sectors respectively. BP's Juniper project in particular, contributed significantly to the rise in gas production and there is considerable optimism with the anticipated output of the Angelin project in 2019.

In the fourth quarter, the closure of the Petrotrin oil refinery ushered in the softening of oil sector activity as the company embarked on a restructuring exercise.

A concerted and aggressive push to diversify the economy is therefore still required to minimize the vulnerability of the economy to a downturn in energy prices.

The floods in the fourth quarter would have negatively impacted many of our citizens particularly those in east and south of our country including several of our members.

AT ASCU

The Board continued to implement our 2016 – 2019 Strategic Plan in the key areas of Corporate Governance, Membership Engagement, Employee Capability, Revenue Growth, Portfolio Quality, Operations Quality and Customer Satisfaction. We again thought it prudent to convene a strategic information/review session involv-

PRESIDENT'S MESSAGE CONT'D

ing the Board, Committee members, Staff and participants from our membership base in Trinidad and Tobago. This initiative was particularly beneficial in ensuring all our stakeholders were apprised of the progress of our Strategic goals and the outstanding objectives going forward. There was ample opportunity for questions and comments/suggestions which would ultimately assist in shaping our strategic direction.

CHALLENGES

Sporting Complex

The under-utilization of the ASCU Sporting Complex continues to be of great concern and the support and assistance by members as Advertising Ambassadors will aid in increasing the frequency of rentals and by extension the associated revenue.

Erosion Threat

The river which borders ASCU along our western perimeter continues to pose a significant threat, as it meanders southward under the Priority Bus Route while expanding towards our property. A few years ago, we had a timely intervention from the Ministry of Works Drainage Division, in constructing a retaining wall in the river bed in close proximity to our western boundary. The wall had the effect of slowing the impact of water on the area adjacent to our western boundary.

In 2018, due to heavy rainfall, the water flowed behind the retaining wall thus threatening to nullify the purpose of the retaining wall.

We have since taken the proactive step of engaging a Consultant to adequately advise the Board on the way forward and additionally have also renewed our overtures to the Ministry of Works Drainage Division.

Regulatory Issues

We continue to be frustrated like many of our Credit Union brothers and sisters in our quest for relief from three major constraints, viz:

- the Credit Union beneficiary issue
- the inability to encash government cheques
- the inordinately long delay in obtaining the requisite permission to facilitate joint accounts

We are virtually being stymied by a combination of outdated legislation which govern Credit Union operations. Through the efforts of our Credit Union "umbrella bodies" we continue to lobby on behalf of the hundreds of thousands of Credit Union members for long awaited relief. We are literally "Waiting to Exhale".

ACHIEVEMENTS

Despite the challenges which confronted us as a sector, there were many reasons to be proud of our organization which include, but not limited to the following:

- Enhancement of our Customer Experience by embarking on efforts to embellish our customer service delivery and refurbishment/upgrade of our Orange Grove Road office. The project is being undertaken in two phases, with the first phase encompassing the Customer Service Reception and Cashier areas, which was commissioned on Friday 25th January 2019 and is named the Kendrick Lee Service Centre in recognition of Mr. Lee's (one of our first Treasurers) dedication and service to our ASCU membership. We continue to ensure the invaluable contributions of our pioneers are truly appreciated.

PRESIDENT'S MESSAGE CONT'D

- A Job Evaluation exercise and a review of the products and services offered by ASCU to better meet the needs of our membership were completed.
- Several technology improvement interventions were made in 2018, including our new look website with improved functionality and an interface to facilitate mobile phone access. The process of the Credit Union system/software upgrade is continuing and it is anticipated that by the third quarter 2019 the selection process for a provider will be completed and the implementation of the installation would be initiated. Work is also progressing with the upgrade of our telephone system which would redound to the satisfaction of our members. A central document center and digitizing of our records are also an integral part of our technology improvement process going forward.

We continue to encourage our members to maximize the use of AERO ACCESS which can accommodate many of the requests that are frequently made over the phone or by visiting the office.

Credit Union month ushered in many benefits for our members including the popular 'balloon pop' where gifts were received at the stick of a pin. The health and wellness fair, which also gave the members an opportunity to showcase their entrepreneurial skills and loan products at attractive rates were a few of the ways in which members were celebrated.

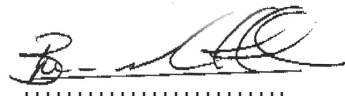
The Board sincerely commends the membership of ASCU for their understanding as we took a decision to forgo our much anticipated adult

Christmas parties in 2018 to stand in solidarity with our flood affected members during their time of need and provided assistance by donating the budgetary allocation for the adult Christmas parties to this cause. We also express our gratitude to those members who responded to the call and donated money and other much needed items. This selfless demonstration of caring is certainly representative of the culture of our organization and the commitment to ensure that we live by our motto: "to improve the quality of our members' lives".

In closing, I say a heartfelt thank you to all the members of the Board, Committees, Staff, Colleagues in the Credit Union sector and you our valued members for the steadfast support during my tenure as President of this great organization. I am truly appreciative of the efforts and sacrifices of those who preceded me and from those whose experience and knowledge I benefited. To those continuing on, I remain available to assist.

May Almighty God bless you and your families.

Cooperatively yours,



Brian Matthew

BOARD OF DIRECTORS



President

Brian Matthew



Vice President

Courtney Demming



Secretary

Lyndon Byer



Assistant Secretary

Brent Gaspard



Director

Najja Vassell



Director

Faye Husbands



Director

Martin Franklin



Director

Jacqueline O'Neil Lewis



Director

Phyllis Wickham



1st Alternate

Esther Richards



2nd Alternate

Alec Clarke

MINUTES OF THE 46th ANNUAL GENERAL MEETING

OF AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED HELD ON SATURDAY 24TH MARCH, 2018
AT THE TRINITY COLLEGE EAST, 1 COLLEGE AVENUE, TRINCITY CENTRAL ROAD, TRINCITY

1.0 CALL TO ORDER

The President, Mr. Brian Matthew, called the 46th Annual General Meeting of Aero Services Credit Union Co-operative Society Limited to order at 1.16 p.m., in accordance with Bye-Law 23(e). The National Anthem was played, after which the Credit Union Prayer was recited. One-minute silence was observed for departed members. He welcomed everyone to the 46th Annual General Meeting of Aero Services Credit Union Co-operative Society Limited.

The President then introduced the Directors and the General Manager at the Head Table to the 46th Annual General Meeting.

2.0 1ST CREDENTIAL REPORT

A Credential Report taken at 12.59 p.m. revealed that there were sixty-three (63) members, sixteen (16) Directors and Officers, seventeen (17) staffers and four (4) guests present.

3.0 NOTICE OF MEETING

The Secretary, Mr. Lyndon Byer, read the Notice and Agenda of the 46th Annual General Meeting as stated on page 6 of the Annual Report/Brochure.

4.0 ACKNOWLEDGEMENT OF GUESTS

The Chairman acknowledged the presence of the following guests:

- Mr. David Greaves of Co-operative Division, Ministry of Labour and Small Enterprise Development.
- Ms. Rhonda Joseph of Co-operative Division, Ministry of Labour and Small Enterprise Development.
- Mr. David Montgomery of HLB Montgomery & Co. Chartered Accountants.
- Dr. Anthony Elias, President, Trinidad and Tobago Credit Union Deposit Insurance Fund.
- Ms. Gail Charles of Police Credit Union
- Mr. Fitzroy Ottley, President, Association of Co-operative Credit Union Presidents of Trinidad and Tobago, and President, Works Credit Union.
- Mr. Richard Griffith of Fire Service Credit Union.
- Mr. Ewart Brathwaite of Teachers Credit Union.
- Mr. Kennis Thomas of UWI Credit Union.
- Mr. Keith Matthew of Hand Arnold Credit Union,
- Mrs. Colliss Holder-Craig of CLICO Credit Union.
- Mrs. Khadine Wright-Prescod of Port Employees Credit Union.
- Mr. Nigel Matthew of NEM Consultants Limited.
- Mr. Simon Gorrie of CUNA Caribbean Insurance Society Limited
- Ms. Charmaine Mc Millan, Acting Commissioner for Co-operatives, Co-operative Division, Ministry of Labour and Small Enterprise Development.

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OF AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED HELD ON SATURDAY 24TH MARCH, 2018
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5.0 STANDING ORDERS

The President, Mr. Brian Matthew, read the Standing Orders as stated on page 7 of the Annual Report/Brochure, which were duly adopted by the meeting.

6.0 PRESIDENT'S ADDRESS

The President drew members' attention to his Address as stated on pages 9 to 11 of the Annual Report/Brochure.

The President, Mr. Brian Matthew, indicated that, against the backdrop of an uncertain economic outlook, the year-end results showed that Aero Services Credit Union performed quite well. The Board adopted a very measured approach while carefully monitoring the political, environmental, social and technological environment as it focused on conducting the affairs of the Society.

Trinidad and Tobago's economy was projected to contract by 2.3% in 2017. The local foreign exchange market continued to exhibit very tight conditions in the supply of foreign currency mainly as a result of lower currency inflows, particularly from the energy sector. The challenges in the Trinidad and Tobago economy are likely to continue into 2018 and therefore all organizations must exercise prudence in their decision-making process.

Some key highlights during the period under review:

- Launch of the Aero Story 1950 – 2016

- \$270 million in Assets
- 5,700 members
- Completion of negotiations for staff with the Banking Insurance and General Workers Union (BIGWU) for the period January 1st, 2016 to December 31st, 2018.
- Deliberate focus on improving customer service at every level in the organization.
- Engagement of an external provider to share expertise and guide the process of improving customer service.
- Annual "Members' After Work Lime".
- Continues to lobby with the wider Movement for meaningful legislation change to allow credit unions to successfully navigate the changing financial landscape.
- Renovated the washrooms and installed a remote activated barrier at the vehicle entry point to ASCU's Head Office in Tacarigua.

Mr. Matthew outlined some future plans for the organization as follows:

- Refurbishment of the reception area at ASCU Head Office.
- New IT Platform which promises to facilitate more "on line" transactions as the Credit Union strives to serve its members with greater efficiency.

The President implored members to partner with and become ambassadors for their Credit Union in finding rentals, on a consistent basis, for the sporting facility in order to generate increased revenue.

MINUTES OF THE 46th ANNUAL GENERAL MEETING

OF AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED HELD ON SATURDAY 24TH MARCH, 2018
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He thanked Almighty God for giving Aero Services Credit Union another memorable year; fellow Directors for their contributions and actions as the Credit Union steered the course through the many hurdles that presented themselves during the last year; the hardworking management and staff and committee members for their contributions; and members for partnering with their Credit Union in its quest to live its mission as it strives to work towards its vision.

7.0 ANNUAL REPORT/BROCHURE

On a motion by Mr. Brian Matthew and seconded by Mr. Theo Oliver, the Annual Report/Brochure was taken as read.

8.0 2ND CREDENTIAL REPORT

A Credential Report taken at 1.30 p.m. revealed that there were one hundred and ten (110) members, twenty (20) Directors and Officers, eighteen (18) staffers and fifteen (15) guests; totalling one hundred and sixty-three (163) persons present.

9.0 MINUTES OF 45TH ANNUAL GENERAL MEETING – MARCH 25, 2017

The Chairman drew members' attention to the Minutes of the 45th Annual General Meeting as stated on pages 13 to 23 of the Annual Report/Brochure.

Errors and Omissions

There were no errors and omissions in the Minutes for the meeting to note.

Confirmation

The Minutes were confirmed on a motion moved by Ms. Sharon Lee Sing Barnes and seconded by Mrs. Esther Richards.

Matters Arising

Mr. Ramesh Lutchmedial made the following comments/posed the following questions:

- The Annual General Meeting is the supreme authority of the Credit Union and it is the only opportunity members have to critique the performance of the Board, Management and Statutory Committees.
- The Minutes are like today's carnival costume - very skimpy. Eight (8) years ago when he attended meetings, the Minutes recorded the very noteworthy points, regarding the business of the Credit Union, made by members of the Credit Union.
- When members make noteworthy points, the Minutes of the Meeting should capture them to continue the Aero story, for the history of the Credit Union and for posterity.
- Is the Strategic Plan completed and available to members?
- Last year when he went in the Credit Union to conduct some business, a new employee insulted him. He shared his experience with the Supervisory Committee. As a result, he recommended customer service training for the staff of Aero Services Credit Union.

On behalf of the Credit Union, the President apologised to Mr. Lutchmedial for that

MINUTES OF THE 46th ANNUAL GENERAL MEETING

OF AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED HELD ON SATURDAY 24TH MARCH, 2018
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experience. He gave the assurance that the Board is cognizant of the focus to be placed on customer service training and informed the meeting that Aero Services Credit Union embarked on a rigorous customer service improvement campaign which involves the Directors, Officers and Staffers.

Members made the following suggestions/observations:

- No Report from the Social and Cultural Committee is seen in the Annual Report/ Brochure.
- The Board should set a deadline for completion of the Strategic Plan.
- An update on the property near the Sporting Complex in which ASCU expressed an interest.

In response to members' questions/suggestions/observations, the meeting was apprised as follows:

- The Strategic Plan spans from 2016 to 2019 and it is in various stages of completion, but it is not fully completed.
- Four elements of the strategic initiatives are: Customer Satisfaction, Membership Engagement, Employee Capability and Revenue Growth.
- There are two strategic groups on the Board that are mandated to ensure that the Credit Union not only meet the expectation of the Strategic Plan but that it is brought to fruition before the end of 2019.

- Members can view the Strategic Plan at the Credit Union's Office.
- During the period under review, at the Strategic Plan Update Session in September, to which Board, Committees, Staff and a few members were invited, they witnessed first-hand how the Plan unfolded and what it morphed into. They had an opportunity to critique and indicated to the Board where it should place its focus.
- The Strategic Plan is very intimate and ASCU has stiff competition from other financial institutions, so the Credit Union prefers to make it available to members at its Office both in Trinidad as well as Tobago but not to place it on the Credit Union's website so that it becomes public knowledge. Other companies do not put their Strategic Plans for public consumption. ASCU will prefer members to view the Plan in a very guarded way instead of playing its hands for the world to see and take advantage of any weakness that may be identified in its Strategic Plan.

The President was advised by the head of the IT Committee that the Credit Union was moving towards a "Members Only" area on its website and once that has been initiated and completed, elements of the Strategic Plan can be placed in that area for membership consumption.

The Chairman informed members as follows:

- In 2017, the Education Committee was amalgamated with the Social and Cultural Committee because, not only do the Bye

MINUTES OF THE 46th ANNUAL GENERAL MEETING

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Laws not speak to that committee but, in many instances, there was the clashing of events. The Education Committee treated with educational as well as social and cultural events.

- The Board, at the 45th Annual General Meeting of Aero Services Credit Union, indicated to the membership its interest in the property next to the Sporting Complex. The property was valued at \$3 million but the owner's asking price was \$10 million and because of the significant variance between the two figures, the Board proceeded to relinquish its interest in acquiring that property. If the asking price was close to the valuation, the Board would have brought a Business Plan on the best utilization of that property to the membership via a Special General Meeting and give the membership an opportunity to guide the Board, thereby being intricately involved in the decision-making process.

Acceptance

The Minutes were accepted by the meeting on a motion moved by Mr. Walton Walker and seconded by Mrs. Anne Joseph.

10.0 BOARD OF DIRECTORS REPORT

The Chairman drew members' attention to the Board of Directors Report as stated on pages 24 to 29 of the Annual Report/Brochure and asked for any errors and omissions.

Errors and Omissions

There were no errors and omissions identified in the report for the meeting to note.

Adoption

The report was adopted by the meeting on a motion moved by Mr. Mikki Martinez and seconded by Mr. Alec Clarke.

Matters Arising

In response to Mr. Philip Davies with respect to the utilization of the foreign currency of Aero Services Credit Union, the Chairman informed the meeting that the Credit Union entered into an arrangement with RBC where it requested US dollars on a daily basis. The bank utilized the Credit Union's current account to pay for US currency it was able to sell to the Credit Union. The opportunity quickly dried up as RBC then informed Aero Services Credit Union that the bank was not able to continue facilitating the Credit Union's request in that regard.

The Credit Union sought US-dollar investments which provided not only a hedge for the Society, should the TT currency be devalued, but an opportunity to expand its earnings in investments made in US dollars by taking advantage of the buoyant US economy.

Mr. Ramesh Lutchmedial suggested that consideration should be given to honouring pioneer Mr. Kenrick Lee, whose name appears in the first Minutes of Aero Services Credit Union (ASCU). The Chairman thanked Mr. Lutchmedial for his keen observation and gave the assurance that pioneer Mr. Kenrick Lee will be added to the list of persons to be honoured by the Aero Services credit Union.

Acceptance

The report was accepted by the meeting on a motion moved by Mr. Theo Oliver and seconded by Mr. Ramesh Lutchmedial.

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OF AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED HELD ON SATURDAY 24TH MARCH, 2018
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11.0 CREDIT COMMITTEE REPORT

The Chairman drew members' attention to the Credit Committee Report as stated on pages 32 to 33 of Annual Report/Brochure and asked for any errors and omissions.

Errors and Omissions

There were no errors and omissions identified in the report for the meeting to note.

Adoption

The report was adopted by the meeting on a motion moved by Mr. Ramesh Lutchmedial and seconded by Mr. Theo Oliver.

It was noted:

In 2017, one thousand, five hundred and seventy-one (1571) loans, valued \$53.4 million, were approved.

Matters Arising

There were no matters arising out of the report.

Acceptance

The report was accepted by the meeting on a motion moved by Mr. Walton Walker and seconded by Ms. Michelle Highly.

12.0 SUPERVISORY COMMITTEE REPORT

The Chairman drew members' attention to the Supervisory Committee Report as stated on pages 34 to 36 of the Annual Report/Brochure and asked for any errors and omissions.

Errors and Omissions

There were no errors and omissions identified in the report for the meeting to note.

Adoption

The report was adopted by the meeting on a motion moved by Ms. Sharon Lee Sing Barnes and seconded by Mr. Wendell Lashley.

Matters Arising

Mr. Ramesh Lutchmedial commended the Supervisory Committee for an excellent report. He noted that the Supervisory Committee is the only Committee of the Credit Union that does not report to the Board; it reports to the Annual General Meeting.

Mr. Lutchmedial drew the Committee's attention to the fact that for the past four (4) years Aero Services Credit Union has been operating without a Treasurer since the untimely demise of the last Treasurer.

He noted that since the untimely demise of the Treasurer, an Executive of four (4) persons has been responsible for the finances of the Credit Union.

He observed that Aero Services Credit Union has an asset base of \$290,954,413 as at December 31, 2017.

He suggested to the incoming Supervisory Committee to be appointed by the Annual General Meeting that there is need for an office of Treasurer in the organization.

The Chairman thanked Mr. Lutchmedial and assured him that his comments were noted.

MINUTES OF THE 46th ANNUAL GENERAL MEETING

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Acceptance

The report was accepted by the meeting on a motion moved by Ms. Mavis Edwards and seconded by Mr. Alec Clarke.

**13.0 EDUCATION AND YOUTH LINK
COMMITTEE'S REPORT**

The Chairman indicated that the Youth Link has requested that members 35 years and younger place their names and email addresses on the blank sheet which was presented to members on registration.

He then drew members' attention to the Education and Youth Link Committee Report as stated on pages 37 to 42 of the Annual Report/Brochure and asked for any errors and omissions.

Errors and Omissions

There were no errors and omissions identified in the report for the meeting to note.

Adoption

The report was adopted by the meeting on a motion moved by Ms. Denise Zephryne and seconded by Mr. Walton Walker.

Matters Arising

There were no matters arising out of the report.

Acceptance

The report was accepted by the meeting on a motion moved by Mr. Theo Oliver and seconded by Mr. Ramesh Lutchmedial.

14.0 3RD CREDENTIAL REPORT

A Credential Report taken at 2.30 p.m. revealed that there were one hundred and sixty-nine (169) members, twenty-one (21) Directors and Officers, twenty-one (21) staffers and nineteen (19) guests; totalling two hundred and thirty (230) persons present.

Discussion

Mr. Philip Davies enquired whether children who cannot vote are eligible to be counted in the Credentials Report. The Chairman noted that this has been a hot debate in the Credit Union Movement. He stated that the voting age is eighteen (18) but, from the Bye Laws perspective, children, though they fall below that threshold, are considered members and, over the years, it has come up several times with regard to the legality of members under the age of eighteen (18) exercising their right to vote. By virtue of the guidance the Credit Union has received from many quarters, the Society is unable to prevent any member, whether they be under the age of eighteen (18) or beyond, from exercising their right to vote.

Mr. Davies indicated that at that stage of the meeting the matter did not present a problem but for the meeting to start, a quorum was needed. He enquired how many members who are children were present at the beginning of the meeting.

The Chairman thanked Mr. Davies for his keen observation. According to Bye Law 23 (3), a quorum is fifty (50) members. He then assured members that at 1.16 p.m., when the meeting commenced, there were not fifty (50) members under the age of eighteen (18) present. So, the meeting was duly constituted when it started.

MINUTES OF THE 46th ANNUAL GENERAL MEETING

OF AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED HELD ON SATURDAY 24TH MARCH, 2018
AT THE TRINITY COLLEGE EAST, 1 COLLEGE AVENUE, TRINCITY CENTRAL ROAD, TRINCITY

15.0 TOBAGO COMMITTEE'S REPORT

The Chairman drew members' attention to the Tobago Committee's Report as stated on pages 43 to 44 of the Annual Report/Brochure and asked for any errors and omissions.

Errors and Omissions

There were no errors and omissions identified in the report for the meeting to note.

Adoption

The report was adopted by the meeting on a motion moved by Mr. Mikki Martinez and seconded by Ms. Candace Richards.

Matters Arising

There were no matters arising out of the report.

Acceptance

The report was accepted by the meeting on a motion moved by Ms. Elizabeth Aqui and seconded by Ms. Janelle Precilla.

16.0 NOMINATION COMMITTEE'S REPORT

The Chairman drew members' attention to the Nomination Committee's Report as stated on pages 45 to 46.

Errors and Omissions

The meeting noted the following Error and Omission as stated on the Errata Sheet:

Error

On page 45, the last paragraph should read:

"A total of fifteen (15) applications were received for consideration. The Committee wishes to advise the Annual General Meeting that all fifteen (15) applications were approved."

Omission

On page 46, add under "Supervisory Committee" the name "Ms. Candace Richards".

Adoption

There being no more errors and omissions, the report was adopted on a motion moved by Ms. Sharon Lee Sing Barnes and seconded by Ms. Anne Joseph.

The nominees stated were:

Board of Directors

Martin Franklin

Brent Gaspard

Phyllis Wickham

Alec Clarke

Esther Richards

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

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MINUTES OF THE 46th ANNUAL GENERAL MEETING

OF AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED HELD ON SATURDAY 24TH MARCH, 2018
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Supervisory Committee

Denise Zephrine
Julia Stafford Howe
Renee Motilal-Bowman
Michelle Highly
Sasha Jameson
Richard Prescod
Candace Richards

Credit Committee

Mikki Martinez
Elizabeth Aquí
Hinni Maraj

Matters Arising

Mr. Ramesh Lutchmedial indicated that he never offered to serve on the Board or statutory committees because he found that those who served did an excellent job. In this regard, he commended members who served their Credit Union in the past.

He shared a personal experience with the meeting where, being a member of a Credit Union, he saved \$5,000 when he purchased an insurance policy, and that enabled him to buy a laptop for his grandson, which he wanted for his birthday.

Acceptance

The report was accepted on a motion moved by Mr. Lyndell Byer and seconded by Mrs. Anne Joseph.

17.0 WHEREABOUTS NOTICE

The Chairman drew members' attention to the Whereabouts Notice as stated on pages 47 to 51 of the Annual Report/Brochure. He implored members to contact the Credit Union if they have any information on the whereabouts of the members whose names appear on the Notice.

Matters Arising

Mr. Philip Davies observed that the number of members on the Whereabouts Notice has increased and sought clarity as to the reason for that.

The Chairman explained that the Credit Union has been challenged in trying to contact those members named in the Notice. Notwithstanding, several approaches were made which included utilization of telephone contacts available and overtures through other members who the Credit Union feels may be in touch with some of those members. Unfortunately, those approaches have not borne the fruits that the Society anticipated.

In some instances, some of those members have migrated and, therefore, the Credit Union does not have a direct contact for them. In other instances, some of those members have not responded to the Credit Union's overtures in terms of request for them to come into the Society's office to address issues relating to their business with Aero Services Credit Union.

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A detailed explanation with respect to each member cannot be given but, suffice it to say, as the member has keenly noticed, the number has increased and while some members responded to calls for them to come in to the office, in other instances, they have not obliged.

He appealed to members, if they have any updated numbers for those members listed on the Whereabouts Notice, the Aero Services Credit Union will be extremely grateful if they could make those known to the Office so that it can make the necessary contact to reduce the number in a substantial way before the next Annual General Meeting.

The Chairman informed the meeting that the list, in some instances, may be related to payments but, in other instances, it is for members to come in to update their information. The Credit Union still employ more than one option for recovery of debts. Debt collectors are also engaged for recovery of debts.

Ms. Donna Francis suggested that social media should be used to contact those members.

Mr. Philip Davies made the following observations/comments:

- There is a lack of information on what transpired between the Board and the rank and file last year; it is totally lacking.
- There is a disconnection between the Board and the rank and file which needs to be addressed.

In response to members' suggestions/ observations/comments, the meeting was apprised as follows:

- Social media has been explored as well.
- There are several forums where interaction is encouraged, not only through the website but members were invited to participate in the Strategic Plan Update Session.
- The Credit Union worked very hard to ensure that the Annual Report was available, in hard copy as well as in electronic form, to members before the Annual General Meeting.
- The Board will do some introspection as it seeks to widen the sphere of interaction, going forward.

18.0 AUDITOR'S REPORT

The Chairman drew members' attention to the Auditor's Report as stated on pages 55 to 56.

Mr. David Montgomery of HLB Montgomery & Co. Chartered Accountants presented the Auditor's Report.

Acceptance

The report was accepted by the meeting on a motion moved by Mr. Alec Clarke and second by Ms. Nona Walker.

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19.0 FINANCIAL REPORT

The Accountant, Ms. Brenda Billy, presented the Financial Report captured on pages 52 to 75 of the Annual Report/Brochure. Some highlights during the period under review were:

- Interest on loans of \$16,187,546; an increase of \$1.1 million.
- Net Surplus of \$12,159,409
- Investment income of \$6,250,719, \$1 million more than the budgeted figure.
- Total Income of \$23,146,971.
- Cash in hand and at bank of \$11,901,239.
- 4% savings in operational cost.
- \$91 million in investments

Members made the following observations/comments:

- Expenses should be broken down into: Education Committee and Youth Link and Social and Cultural Committee.
- With so much cash in hand, there should not be a bank overdraft.
- There should be more disclosure on investments included in the Annual Report.
- Specific IFRS - those adopted and those not yet adopted - should be included in the Annual Report.

- US transactions with the value in TT dollars should be included in the Annual Report.

With respect to the bank overdraft, the Accountant explained that cash is transferred to service the debit cards and, at Christmas time, members use their debit cards more. Although the Credit Union does not have an overdraft facility, the bank graciously honoured the debit card payments because it knew the Credit Union would have paid the money.

Matters Arising

In response to members' queries/comments, the Accountant explained as follows:

- On page 75, Note 6 is where the Aero Story is included.
- In the Public Service, if something important comes along and the budget may be exceeded, virements could be done but virements are not done in Credit Unions.
- The Trinidad and Tobago Credit Union Deposit Insurance Fund was classified to risk.

The Chairman apprised members as follows:

- The Credit Union is at pains to get members to migrate to a more IT savvy platform. ASCU has an aging demographic.

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- The Board deliberated on Mr. Davies' request to state US investments and their value in TT dollars in the Annual Report. The Board want to reserve the right to have that information protected and for full consumption of members only.
- Information that will undermine the Credit Union's competitive nature cannot be placed in the Annual Report because that report goes far and wide - it is not only consumed locally.
- Credit Unions must provide for all loans:
 - (1) Twelve (12) months for new and existing loans
 - (2) Lifetime provision for loans in default more than 30 days
- IFRS9 became mandatory on January 1st, 2018.
- After Credit Unions adhere to IFRS9, their surplus will be depleted, resulting in reduced dividends and patronage rebate.
- Aero Services Credit Union has to now do increased risk profiling of members and loans.

Acceptance

The Financial Report was accepted on a motion moved by Ms. Sharon Lee Sing Barnes and seconded by Ms. Naomi Wilson.

21.0 PRESENTATION ON IFRS9

The Assistant Accountant, Mrs. Zariffa Harrypersad, made a presentation on IFRS9 to the meeting.

Some highlights were as follows:

- IFRS9 is the International Financial Reporting Standard that governs the classification of financial instruments (financial assets and liabilities).
- Under the IFRS 9 model, Credit Unions must make provision for all loans at the time they are granted.

Discussion

In response to Mr. Ramesh Lutchmedial's query about the basis on which Credit Unions were mandated to comply with IFRS, the Accountant explained that if the accounts were not compliant with IFRS 9, the auditors would not be able to issue a clean bill of health to the Credit Union. IFRS 9 is mandatory.

The Acting Commissioner for Co-operatives (Ms. Charmaine Mc Millan) and the Auditor, Mr. David Montgomery, also addressed the audience on the importance of Credit Unions complying with IFRS 9.

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22.0 2018 BUDGET

The Assistant Accountant, Mrs. Zariffa Harrypersad, presented the Budget for 2018. Some projections were:

- Total revenue of \$23,475,773
- Expenses of \$13,025,731
- Operating Surplus of \$10,450,042

Acceptance

The Budget for 2018 was accepted on a motion moved by Mr. Theo Oliver and seconded by Ms. Candace Richards.

23.0 4TH CREDENTIAL REPORT

A Credential Report taken at 4.30 p.m. revealed that there were two hundred and thirteen (213) members, twenty-one (21) Directors and Officers, twenty-seven (27) staffers and eighteen (18) guests present; totalling two hundred and seventy-nine (279) persons.

24.0 DIVIDEND

The Secretary, Mr. Lyndon Byer, explained the calculation of dividend and outlined scenarios as examples. Dividend is calculated on the weighted average of each calendar month's share balance. It is not on the balance at the end of the year. The lowest weight is assigned to the highest month's share balance and the highest weight is assigned to the lowest month's share balance. The total is then divided by the total weights and the dividend percent is applied to the result. The information will be placed on the website.

25.0 LOAN INTEREST REBATE

The Secretary, Mr. Lyndon Byer, explained loan interest rebate calculation and gave a scenario as example. Loan interest rebate is calculated on a percentage of the total interest paid on each loan in the calendar year. It is not how much a member paid towards a loan; it is the total interest payment towards the loan. The rebate percent is then applied to the total interest of all the loans paid by the member.

26.0 RESOLUTIONS/RECOMMENDATIONS

The Chairman drew members' attention to the Resolutions and Recommendations as stated on pages 76 to 77.

26.1 Auditors

On behalf of the Board of Directors, the Vice President, Mr. Courtney Demming, moved the following resolution:

Be it resolved that the firm Pannell Kerr Forster (PKF) be appointed as the External Auditors for 2018.

Ms. Cecily Jerome seconded the resolution and it was unanimously accepted by the meeting.

26.2 Distribution of Surplus

Dividends

On behalf of the Board of Directors, the Vice President, Mr. Courtney Demming, moved the following resolution:

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

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

Discussion

Mr. Ramesh Lutchmedial proposed that the resolution be amended to read as follows:

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

- 1.2 A dividend of five point five percent (5.5%) on each member's shareholding to be disbursed according to the member's request.

To be funded by reducing the recommended honorarium for Directors and Officers from 3% to 2.5%.

Mr. Philip Davies seconded the amended resolution and indicated that he will also second the amendment to the honorarium.

The Acting Commissioner for Co-operatives advised that a decision of this nature should not be put forward at this time; some more thought need to go into that. The Chairman informed the meeting that, on a quick calculation, a decrease of 0.5% of the honorarium will not fund 0.5% increase of dividend for the entire membership. It is not practicable.

The Accountant warned about doing things to jeopardise the Credit Union's longevity.

On behalf of the Board of Directors, the Vice President, Mr. Courtney Demming, again moved the following original resolution:

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

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

Ms. Mavis Edwards seconded the resolution and it was unanimously accepted by the meeting. The Vice President informed members that the dividend will be paid on Tuesday, March 27, 2018 at the Credit Union's office.

Interest Rebate

On behalf of the Board of Directors, the Vice President, Mr. Courtney Demming, moved the following resolution:

Be it resolved that:

- 1.2 Ten percent (10%) interest rebate on each member's loan, such rebate to be credited to member's Flex-A-Save account.

Mr. Sheldon Balbosa seconded the resolution and it was unanimously accepted by the meeting.

The Vice-President informed the members that the loan interest rebate will be deposited one week after the Dividend payment.

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27.0 EX GRATIA PAYMENTS

Education Committee

On behalf of the Board of Directors, the Vice President, Mr. Courtney Demming, moved the following resolution:

Be it resolved that the sum of Twenty Thousand Dollars (\$20,000) be allocated to the Education Committee.

Mr. Theo Oliver seconded the resolution and it was unanimously accepted by the meeting.

Tobago Committee and Youth Link

On behalf of the Board of Directors, the Vice President, Mr. Courtney Demming, moved the following resolution:

Be it resolved that the sum of Five Thousand Dollars (\$5,000) be allocated to the Tobago Committee and another Five Thousand Dollars (\$5,000) be allocated to the YouthLink.

Ms. Sharon Lee Sing Barnes seconded the resolution and it was unanimously accepted by the meeting.

28.0 HONORARIUM

On behalf of the Board of Directors, the Vice President, Mr. Courtney Demming, moved the following resolution:

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.

Mr. Ramesh Lutchmedial seconded the resolution and it was unanimously accepted by the meeting.

29.0 SHARES OF \$750,000 AND BELOW

On behalf of the Board of Directors, the Vice President, Mr. Courtney Demming, moved the following resolution:

Be it resolved that effective April 01, 2018, only Shares of \$750,000 and below will attract the dividend approved by the Annual General Meeting until further notice.

The Acting Commissioner for Co-operatives advised that more thought need to be given to that.

Discussion

After some deliberations, there was consensus that, going forward, there should be a two-tiered dividend percentage for shares \$750,000.00 and below, and shares above \$750,000.00

On behalf of the Board of Directors, the Vice President, Mr. Courtney Demming, moved the following resolution:

Be it resolved that effective April 01, 2018, Shares of \$750,000 and below will attract the dividend approved by the Annual General Meeting and shares above \$750,000.000 will attract a dividend percentage approved by the Annual General Meeting until further notice.

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Mr. Theo Oliver seconded the resolution and it was accepted by the meeting, by majority vote. Mr. Cliff Stewart abstained.

30.0 Amendment of Bye Laws 4(f) relating to Membership

On behalf of the Board of Directors, the Vice President, Mr. Courtney Demming, moved the following resolution:

Whereas Bye Law 4 relates to Membership and begins with "Membership shall be open to all members of good character who are:"

Be it resolved that Bye Law

4 (f) Children and permanently employed legitimate family members (family to mean spouse, brother, sister, mother and father).

Be amended to read:

4 (f) Children, legitimate family members and relatives (Family to mean spouse/common law, brother, sister, mother, father and legal guardian; Relatives to mean grandmother, grandfather, grandson, granddaughter, aunt, uncle, niece and nephew, and in-laws).

Mr. Cliff Stewart seconded the resolution and it was accepted unanimously by the meeting. There were none Against and no Abstention.

31.0 5TH CREDENTIAL REPORT

A Credential Report taken at 5.30 p.m. revealed that there were two hundred and fourteen

(214) members, twenty-one (21) Directors and Officers, twenty-eight (28) staffers, eighteen (18) guests; totalling two hundred and eighty-one (281) persons present at the meeting.

32.0 ELECTION OF OFFICERS

Mr. Nigel Matthew of NEM Consultants was invited to conduct the election process over which he presided as Returning Officer.

Mr. Matthew congratulated Aero Services Credit Union on the hosting of its 46th Annual General Meeting and wished the Society success in all its endeavours. He then recognized the specially invited guests in the audience.

The Returning Officer was assisted by Mrs. Colliss Holder-Craig, Mr. Richard Griffith, Mr. Keith Matthews and Mr. Ewart Brathwaite.

The Returning Officer read Bye-Law 23 of Aero Services Credit Union. He then referred to No. 2 of the international principles for co-operatives.

Nominations for the Board and statutory committees were then invited from the floor and nominees were proposed as follows:

Supervisory Committee

Simon Fabien.

Board of Directors

Theo Oliver

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Credit Committee

Sharon Lee Sing Barnes

Anthony Mora

Mavis Edwards

Nerissa Alleyne

A video presentation of the voting process was shown to the meeting. Mr. Martin Thomas suggested that, going forward, members nominated at the Annual General Meeting should give the members a brief history of themselves.

Election Results

The Returning Officer announced the results of the elections as follows:

Supervisory Committee

Officers	No. of Votes	Tenure
Denise Zephrine	158	1 year
Michelle Highly	114	1 year
Simon Fabien	106	1 year
Richard Prescod	74 (1 st Alternate)	1 year
Julia Stafford-Howe	69 (2 nd Alternate)	1 year
Renee Motilal-Bowman	59	
Candace Richards	54	

Board of Directors

Officers	No. of Votes	Tenure
Martin Franklin	184	3 years
Brent Gaspard	148	3 years
Phyllis Wickham	120	3 years
Esther Richards	90 (1 st Alternate)	1 year
Alec Clarke	62 (2 nd Alternate)	1 year
Theo Oliver	38	

Credit Committee

Officers	No. of Votes	Tenure
Nerissa Alleyne	193	1 year
Mikki Martinez	181	1 year
Sharon Lee Sing Barnes	149	1 year
Mavis Edwards	145	1 year
Elizabeth Aqui	144	1 year
Anthony Mora	139 (1 st Alternate)	1 year
Hinni Maraj	74 (2 nd Alternate)	1 year

Destruction of Ballots

A motion for destruction of both the physical and electronic ballots was moved by Ms. Sharon Lee Sing Barnes and seconded by Mr. Anthony Mora.

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33.0 OTHER BUSINESS

The Chairman indicated that Director Earle Joseph completed three 3-year terms on the Board of Directors. On behalf of the Board of Directors and members of Aero Services Credit Union, Director Jacqueline O'Neil Lewis presented a token of appreciation to Director Earle Joseph for his sterling and invaluable contribution to Aero Services Credit Union. Mr. Joseph reciprocated by thanking Directors, members and staffers of Aero Services Credit Union.

Mr. Philip Davies thanked the Accountant, Ms. Brenda Billy, for her services to Aero Services Credit Union. Mr. Ramesh Lutchmedial thanked the President and the Board for allowing members to participate in the meeting and the Acting Commissioner for Co-operatives for her guidance throughout the meeting. He reaffirmed that he had confidence in the President and the Board as well as the Management. He then wished Aero Services Credit Union success in the future.

34.0 VOTE OF THANKS

Director Jacqueline O'Neil Lewis thanked the Acting Commissioner for Co-operatives, Co-operative Officers, Auditors, President of Trinidad and Tobago Credit Union Deposit Insurance Fund, President of the Association of Co-operative Credit Union Presidents of Trinidad and Tobago, Presidents and representatives of other Credit Unions, the members, sponsors for the prizes, the caterers, the Youth Link, fellow Directors and the staffers, led by the General Manager, of Aero Services Credit Union. She implored members to encourage others to attend the Annual General Meeting next year and wished them a safe journey home.

35.0 CLOSURE

There being no other business, the Chairman brought the meeting to a close at 7.49 p.m.



.....
Lyndon Byer
Secretary

REPORT OF THE BOARD OF DIRECTORS



Rear – Brian Matthew, Lyndon Byer, Martin Franklin

Front – Faye Husbands, Phyllis Wickham, Esther Richards, Jacqueline O'Neil Lewis

Missing - Courtney Demming, Brent Gaspard, Najja Vassell, Alec Clarke

Welcome to the 47th Annual General Meeting of Aero Services Credit Union. The Board of Directors is pleased to report to you our members and shareholders on its performance in 2018.

THE BOARD OF DIRECTORS

The Board of Directors at its inaugural meeting of the 2018/2019 term held on March 26, 2018, elected the following persons into office:

Mr. Brian Matthew	- President
Mr. Courtney Demming	- Vice-President
Mr. Lyndon Byer	- Secretary
Mr. Brent Gaspard	- Assistant Secretary
Mr. Najja Vassell	- Director
Ms. Faye Husbands	- Director

Mr. Martin Franklin	- Director
Ms. Jacqueline O'Neil Lewis	- Director
Ms. Phyllis Wickham	- Director
Ms. Esther Richards	- 1st Alternate
Mr. Alec Clarke	- 2nd Alternate

THE EXECUTIVE COMMITTEE

The Executive Committee is comprised of the following persons:

Mr. Brian Matthew	- President
Mr. Courtney Demming	- Vice-President
Mr. Lyndon Byer	- Secretary
Mr. Brent Gaspard	- Assistant Secretary

REPORT OF THE BOARD OF DIRECTORS CONT'D

SUB COMMITTEES OF THE BOARD OF DIRECTORS

To ensure the fulfillment of Aero Services Credit Union initiatives and provide the necessary oversight, Directors were appointed to the following sub-committees:

The Audit Committee

The Building Committee

The Human Resource Committee

The Investment Committee

The IT Committee

The Tobago Focus Group

Additionally, one Director was appointed to provide the necessary guidance and oversight to the Education Committee.

MEETING ATTENDANCE REGISTER

Meetings	Monthly			Special			Executive		
Name	Pres	Ex	Abs	Pres	Ex	Abs	Pres	Ex	Abs
Brian Matthew	10	0	0	2	0	0	8	0	0
Courtney Demming	8	2	0	2	0	0	7	1	0
Lyndon Byer	9	1	0	2	0	0	8	0	0
Brent Gaspard	9	1	0	2	0	0	6	2	0
Najja Vassell	6	4	0	0	1	1			
Faye Husbands	6	4	0	2	0	0			
Martin Franklin	9	1	0	2	0	0			
Jacqueline O'Neil Lewis	10	0	0	2	0	0			
Phyllis Wickham	8	2	0	1	1	0			
Esther Richards	9	1	0	2	0	0			
Alec Clarke	9	1	0	2	0	0			

REPORT OF THE BOARD OF DIRECTORS CONT'D

OUT GOING DIRECTORS OF THE BOARD

Directors Brian Matthew and Courtney Demming having completed three successive terms are statute-barred and are not eligible for re-election. Director Faye Husbands having completed one term of three years is eligible for re-election but did not indicate her interest in so doing. The Alternates, Esther Richards and Alec Clarke, are eligible for re-election and have indicated their willingness to serve.

The Board extends its heartfelt appreciation for the contributions made by all other outgoing members. Special thanks to Directors Matthew and Demming for their invaluable contributions over the past nine years and wish them all the best.

PERFORMANCE HIGHLIGHTS

Assets

We experienced a 2% growth in assets when compared to 2017.

Shares

Member Share Deposits recorded an increase of 4% over 2017.

Loans

Our Total Loan Portfolio increased in 2018 by 6%.

Revenue

Gross income before expenditure showed a positive variance of 11% and net surplus for the year a decline of 38% against 2017.

Expenditure

Due to extraordinary expenses arising from ad-

herence to IFRS 9 our total expenditure was 66% greater than 2017 actuals and 40% above projected for 2018.

Membership

New members joining for 2018 was 73% higher than 2017.

STRATEGIC PLAN

The Board of Directors and the Management team continued to work towards accomplishing the Strategic Objectives mapped out for that period. The areas included Customer Satisfaction, Corporate Governance, Member Engagement, Portfolio Quality, Operations Quality, Employee Capability, and Revenue Growth.

The Focus Teams have been implementing the initiatives mentioned above in a deliberate and measured way with a monthly Tracking Report and a quarterly report on their activities. To ensure all areas of the organisation are involved, an interactive Strategic Plan Update and Feedback session was held in mid-September for members of the Board, Committees, and Staff. This year we again invited a few Aero Services members to participate in the session and they gave interesting feedback that afforded us to benefit from another angle of sight.

SPECIAL PROJECTS

The organization embarked upon two major projects and hired the services of two consultants.

Organization Development consultant, Meredith McSween International (MMI), took an internal look on how we operated as an orga-

REPORT OF THE BOARD OF DIRECTORS CONT'D

nization and what steps should be taken to enhance and allow for increased productivity through our operations. This project involved all members of Board, Committees and Staff. A steering committee with representation from each of the groupings worked alongside the consultant throughout the process.

The second project conducted by HHB reviewed our deliverables with the aim of providing enhanced products and services to ensure greater accessibility, competitiveness, and appropriateness. A team has been set up to work on the recommendations coming out of this exercise.

CORPORATE SOCIAL RESPONSIBILITY

Aero Services Credit Union continues to express its care for the community in many ways. Financial assistance was given to several groups within the community including sporting clubs, social groups, religious institutions, educational institutions and individuals. More particularly in 2018, several of our members were affected by the heavy floods on that fateful day of October 20. The Board of Directors thought it too great a crisis to ignore and felt assistance should be given to affected members. To this end a decision was taken to forego the usual adult Christmas parties in both Trinidad and Tobago. These allocated funds allowed seventy-eight (78) affected members to be given some financial relief from ASCU. Everyone was grateful for this unexpected gesture.

DELINQUENCY

The office spearheaded by the Recoveries Department continues to work at ensuring that the delinquency ratio remains a single digit and in compliance with the PEARLS Standard. The current economic environment continues to be a challenge with several more job layoffs with some members being unable to meet their monthly commitments. The Board of Directors applauds the efforts of the office and the Credit Committee in finding ways to treat with the many issues confronting our members in the repayment of their loans.

IMPACT OF IFRS 9

IFRS 9 which replaced IAS 39 came into effect on January 01, 2018. This IFRS affects the provisioning of bad debts in advance for loans and investments. It involves the probability that some portion of the number of loans granted to members will not be recovered and the probability that some investments may not materialize as planned. This has the effect of negatively affecting the Income Statement which then impacts the quantity of dividend (if any) that can be appropriated to members at the end of the financial year.

TRAINING & CONFERENCES

Directors Lyndon Byer, Jacqueline O'Neil Lewis, and Najja Vassell attended the World Council of Credit Union (WOCCU) Conference in Singapore in July 2018.

Members of Staff participated in recurrent training in Customer Service in the latter part of the year.

REPORT OF THE BOARD OF DIRECTORS CONT'D

Directors Byer and Gaspard attended one-week Caribbean Development Educators (CaribDE) certified training workshop in Trinidad (January) and St. Lucia (September) in 2018 respectively. Members of the Management Team attended several training sessions including technical and other development enhancement sessions.

CONDOLENCES

The Board of Directors conveys its deepest condolences to the families of all co-operators who suffered the passing of a loved one during the last year. May their souls rest in peace.

ACKNOWLEDGEMENT

The Board of Directors acknowledges the assistance rendered to ASCU through the services of the following organizations in 2018:

ACCUPTT

Bourse Securities

Caribbean Airlines Limited

Central Finance Facility

CUNA Caribbean Insurance Society

Executive Bodyguard Security Services Limited

First Line Securities

HHB Associates

HLB Montgomery & Co.

JMMB (formerly Intercommercial Bank)

KSBM

Magnificat Kitchen

Meredith McSween International

MG Daly and Partners

Micro Software Designs Limited

MI4 Security Services Co. Ltd

People Solutions Plus

RBC Royal Bank

ROSE-IT

Sheppard Securities

Silverline Solution Limited

The Co-operative Development Division

TTCUDIF

Top Aces Enterprises Limited

The Board wishes to express its sincere thanks to the members of our elected and appointed Committees, Management and Staff of ASCU. Thanks to you our Members for choosing to make Aero Services Credit Union your first choice for financial services.

May the Lord continue to bless you and your family as you engage 2019 and beyond.

Cooperatively yours,



.....
Lyndon Byer
Secretary

AERO SERVICES CREDIT UNION STAFF



JO-ANNE EDWARDS
General Manager

ADMINISTRATION DEPARTMENT



Standing – Rayann Charles, Adanna St.Rose-Daniel, Shrila Persad, Melkeisha Audain, Jo-Anne Edwards, Odell Forde, Bernadette Nanan-Dickson, Lorna Vidale

Sitting – Yolanda Mitchell, Hugo Henry, Elizabeth Cardinez

AERO SERVICES CREDIT UNION STAFF



ACCOUNTS DEPARTMENT

Standing – Chinelo Woodley, Renee White, Ria Mosodeen, Zariffa Harrypersad,
Ann Mc Pherson, Beverly Fonrose, Ria Scarborough, Nigel Matthew
Sitting – Krystel Brathwaite, Brenda Billy, Evie De Matas

CUSTOMER SERVICE DEPARTMENT



L – R: Rochelle Gabriel, Arhlene Andrews, Stacy Rivers-Constantine,
Laura Woods-Carr
Missing: Gail Ann Peters-Galley



CANDIS CRAIG
TOBAGO CSR

CREDIT COMMITTEE REPORT



Standing – Elizabeth Aquí, Nerissa Alleyne, Anthony Dominic Mora, Sharon Lee Sing Barnes, Mavis Edwards
Sitting – Mikki Martinez

Ms. Mavis Edwards	-	Chairman
Ms. Sharon Lee Sing Barnes	-	Secretary
Mrs. Nerissa Alleyne	-	Member
Mr. Mikki Martinez	-	Member
Ms. Elizabeth Aquí	-	Member
Mr. Anthony Mora	-	1st Alternate
Mr. Hinni Maraj	-	2nd Alternate

At the 46th Annual General Meeting, the above-mentioned persons were elected to serve. The Chairman and Secretary were duly elected at the 1st meeting which was held on March 27, 2018.

The downturn in the economy continued in 2018 which had an impact on our members. Simultaneously they were also being bombarded by competitors with various financial options. For the most part, they resisted but rallied with Aero Services showing both loyalty and an acknowledgement of ownership.

CREDIT COMMITTEE REPORT CONT'D

This scenario presented some challenges with delinquency. Members are encouraged to contact ASCU office as soon as a change in the agreed terms occurs so that a mutually beneficial resolution can be achieved.

The Committee approved One Thousand Five Hundred and Sixty-Two (1,562) loans at a value of Forty-Nine Point Nine Million Dollars (\$49.9M). This represented decreases both in the number of loans and in value over 2017 figures, as shown below.

COMPARISON OF THE 10 MAJOR LOAN CATEGORIES

CATEGORIES	2018	%	2017	%
Home Renovations/ Improvement	\$10.2M	20.51	\$10.8M	20.25
Vehicle Purchase	\$10.2M	20.50	\$13.7M	25.69
Investments	\$4.8M	9.62	\$3.2M	5.95
Debt Consolidation	\$4.4M	4.90	\$3.9M	7.31
Property	\$3.5M	6.91	\$0.5M	0.98
Refinance	\$3.0M	5.97	\$6.7M	12.57
Vacation	\$2.7M	5.51	\$3.3M	6.16
Education	\$2.4M	4.90	\$2.4M	4.58
Furniture & Appliance	\$2.4M	4.81	\$2.5M	4.64
Christmas Expenses	\$1.5M	3.04	\$1.1M	2.07

Reminders when applying for a loan:

All relevant supporting documents must be submitted with a loan application

Loan purpose must be true and proper.

Always be mindful of your Debt Service Ratio (DSR). The ratio is calculated by including all debts.

Make a budget as this will assist in the proper management of your finances.

Thank you for your support and for giving us the opportunity to serve you.

Co-operatively yours,

Mavis Edwards.

Mavis Edwards
Chairman
Credit Committee

SUPERVISORY COMMITTEE REPORT



Left to Right: Michelle Highly, Simon Fabien, Richard Prescod, Denise Zephrene

The Supervisory Committee hereby submits our report for the 2018 term.

At the 46th Annual General Meeting held on March 24th, 2018 the following persons were elected to the Supervisory Committee:

Denise Zephrene
Michelle Highly
Simon Fabien
Richard Prescod – 1st Alternate
Julia Stafford Howe – 2nd Alternate

The Committee held its inaugural meeting on April 5th 2018 and in accordance with Bye Law No. 38(c) elected Ms Denise Zephrene as Chairman and Mrs. Michelle Highly as Secretary.

The Supervisory Committee's primary function is to inspect the Credit Union's records for accuracy, its assets for security, the adherence to procedures for the proper handling and use of funds and that Board and Management decisions are in the interest of the membership and consistent with the goal of the Credit Union.

SUPERVISORY COMMITTEE REPORT CONT'D

Examinations of the records and financial statements of Aero Services Credit Union were completed, and the Committee was satisfied that the operations were executed in compliance with the Bye Laws.

Monthly meetings were held, and the Committee maintained constant communication with each other via the whatsapp group and email. In addition, the Committee attended all monthly Board Meetings and any joint meetings of the Board of Directors and the Credit Committee.

In the first three months in office the Committee reviewed delinquent accounts with the Recoveries Officer and examined any challenges by members. The Committee randomly checked Members' files including those of Staff, Board and Committee members and highlighted any anomalies.

Areas of examination were as follows:

ANNUAL GENERAL MEETING FOLLOW UP ACTION

- Ribbons to be re-introduced for ALL persons attending instead of hand bands.
- The revision of the Bye Laws is 50% completed. A Special General Meeting is to be convened on a date to be advised.
- Members being nominated from the floor for Committees and the Board should give a brief account of themselves before the membership.

CREDIT UNION OPERATIONS

- Aero Services Credit Union operations were monitored throughout the year. Several members' files including Board, Committee and Staff were randomly checked every month. There were a few anomalies which were rectified, and files were found to be generally in order.
- Sample Testing of Board, Committees and Staff Share and Loan Account balances were completed.
- Sample Testing of Members' Loan Applications and Disbursements were completed.

POLICIES

There is an urgent need for a Processes Manual which will guide staff and ensure consistency and standardization in the Credit Union's Operations.

FINANCIAL OPERATIONS

- The Committee completed monthly visits to Aero Services and was satisfied that the financial operations and activities were carried out in accordance with the proper accounting standards of the Society.
- Statements and Reports – The financial records were found to be in good order.
- Cash and Petty Cash – Were verified and procedures were adhered to,

SUPERVISORY COMMITTEE REPORT CONT'D

- Investments – Share Certificates and Board Minutes on decisions were verified.
- Fixed Assets – The Fixed Assets were found to be in good order.
- Delinquency – Audits were conducted to determine whether the prescribed systems and procedures were adhered to and measures were being employed for recovery.

BOARD OF DIRECTORS

The Supervisory Committee attended the monthly Board Meetings. During this period all meetings were held on time, with the proper quorum in attendance and all procedures were in keeping with the Bye Laws of Aero Services Credit Union.

CREDIT COMMITTEE

All Minutes of the Credit Committee meetings were audited and found to be in keeping with the Bye Laws of Aero Services Credit Union.

EDUCATION COMMITTEE

All financial records were found to be up to date and the Education Committee's Minutes were in order.

YOUTH LINK COMMITTEE

Financial Records for the Youth Link Committee were found to be in order and their minutes were up to date.

TOBAGO COMMITTEE/TOBAGO OFFICE

The Tobago Office was visited by the Supervisory Committee in January 2019. An update of both the office operations and the Committee activities will be reported at the AGM in March 2019.

TRAINING

Organizational Development

In mid 2018, Aero Services Credit Union contracted Meredith McSween International to undertake a review of its operations. The Chairman together with selected staff and a Board Member were part of the Steering Committee of this initiative.

Internal Audit Training

In September 2018, the Committee members completed a one (1) day training session on the "Internal Audit Function of the Supervisory Committee" conducted by the Co-operative Credit Union League of Trinidad and Tobago.

Credit Report Training

The Supervisory Committee along with the Credit Committee, Board of Directors and members of staff attended Credit Report Training which was conducted by TransUnion in October 2018.

Security Awareness Training

Online Security Awareness Training for all Aero Services email holders was conducted in the month of September 2018.

SUPERVISORY COMMITTEE REPORT CONT'D

Aero Services Credit Union continues to weather the economic storms both locally and globally. As we forge ahead in this new economic climate, we must not lose sight of our focus, as it is written in our Mission Statement:

"To enrich the quality of the 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."

We thank the membership for having placed their confidence in us and we are committed to serving with dignity and professionalism in all that we do.

Sincerely,



Denise Zephrine
Chairman



Attention Members

Aero Services Credit Union & CLICO Credit Union



have joined to bring you... **Cred U Med**

The affordable medical plan from **Tatil that gets your family's **approval****

Benefits:

- No Medical required
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- Major medical coverage, renewable after 3 years
- Dental, Vision and Preventative Care
- Access to Emergency Medical Assistance
- Ansa McAL Premier Card
- 5% discount on Annual payment of premium
- Coverage until age 99
- Discounted group personal accident rates (special conditions apply)

***note members must be enrolled before age 60**

For more info call 640-6416 ext 248



Aero Services Credit Union
CLICO Credit Union Co-operative Society Limited

Contact your Credit Union for more info and to register.



EDUCATION & YOUTHLINK COMMITTEE REPORT



Left to Right: Hanz Barbour, Patrice Dolland, Carol John-Williams, Brent Gaspard, Anne Joseph, Lester Young, Lydia John-Williams, Lilia Mujica

Dear Valued Members,

The Board of Directors, at its first monthly meeting, selected members to serve on the Education Committee for the 2018-2019 term. This was done in keeping with the Bye-Laws which advises that the composition of this Committee should not be more than five (5) members. Director Brent Gaspard was appointed the Board Representative for another term.

At the Committee's first meeting, the following members were elected:

Mr. Safi Rennie	-	Chairman
Mrs. Patrice Dolland	-	Secretary
Mrs. Anne Joseph	-	Member
Mr. Lester Young	-	Member
Ms. Lydia John-Williams	-	Member

Note – In September 2018, Mr. Safi Rennie, resigned from the Committee and the Board Representative, Brent Gaspard, acted in the role of Caretaker Chairman.

EDUCATION & YOUTHLINK COMMITTEE REPORT CONT'D

The following members were co-opted:

Mrs. Carol John-Williams

Mr. Hanz Barbour

Ms. Sarah Highly

Mrs. Janelle Precilla

Mrs. Paula Daniel-Linton

Ms. Lilia Mujica

Ms. Sasha Jameson

The YouthLink (YL) which falls under the ambit of the Education Committee comprised the following persons:

Candace Richards - Chairman

Candida Wade - Secretary

Lyndell Byer – Member

Kanini Benjamin - Member

Daniel Byer – Member

Safi Rennie – Member

Isaiah Simmons – Member

Chrystal Richards – Member

ACTIVITIES

Annual Cricket Competition

The Committee hosted our Annual Cricket League commencing with the Kester Husbands Memorial cricket match (Aero's best 11 versus UWI CU cricket team) which has now become a feature event. It was a day of reliving history as a number of members of Kester's era played along with some of our younger all stars. The trophy was presented by Ms. Faye Husbands, sister of Kester Husbands.

The League ran from the 10th April to 18th May 2018 with seven (7) teams participating namely:

Katerserv

Nemesis

Maintenance

Swissport

Family and Friends

Shares and Store

Katerserv and Nemesis were again the finalists. Katerserv once again being declared winner of the challenge trophy.

Annual Spelling Bee Competition

The Annual Spelling Bee was held in the Phillip Habib Hall on the 24th February 2018. As in the past, schools within our catchment area were invited to participate along with our members fostering Corporate Social Responsibility as we promote education and development whilst also creating avenues for membership growth. The participating schools were:

Arouca Government Primary School

Charis works Christian Academy

St Helena Presbyterian Primary School

St Mary's Children Home AC

Victory Academy of Learning

Victory Academy won the overall competition and it is hope that ASCU can partner with them and possibly develop a junior co-operative program at the school.

EDUCATION & YOUTHLINK COMMITTEE REPORT CONT'D



Rear – Candida Wade, Isaiah Simmons, Safi Rennie, Candace Richards
Front – Chrystal Richards, Kanini Benjamin
Missing - Lyndell Byer, Daniel Byer

Breakfast with the President

In April 2018, the Youth Link hosted its annual "Breakfast with the President". This initiative provides the opportunity for interaction on a personal level with the President and other invited Directors of the Executive. Other guests were YouthLink members: Hinni Maraj, Jabari Matthew and Sherene Mohammed. The event allows discussion with the President to further understand Aero Services vision and give some useful insight to assist with the development of programs for Millennials and by extension membership growth. This year a power point presentation was done by Lyndell Byer which included the history of the YouthLink Committee

and YL members to future events. Guests contributed to the discussions.

Cooler Cruise

A new initiative hosted by the Youth Link in September 2018 was a cooler cruise dubbed "AGM – All Generations Meet". Similar to our Annual General Meeting, where members of all generations meet to discuss matters of mutual benefit, the aim of the Cooler Cruise was to bring members of different generations to socialize but more so for youths 18 years and over. Members of other credit unions also attended. The cruise was completed successfully notwithstanding

EDUCATION & YOUTHLINK COMMITTEE REPORT CONT'D

challenges experienced and it is hoped that there will be improvement in future ventures. Door prizes were given for best dressed female and the crew with the most vibes.

Awards of Excellence

The Annual ASCU Awards of Excellence was again the toast of the Education Committee's calendar for 2018. This signature event was held on the 20th September 2018. We hosted seventy-one (71) of our SEA, CSEC and CAPE Awardees whilst also honouring the top performer in each category. The event was well received.

We thank our President, Mr. Brian Matthew, for his words of wisdom and encouragement to the captive audience.

Home Gardening Workshop



The Home Gardening Workshop held on 29th September was the first of the DIY "Do it Yourself" Series for 2018 and was attended by forty (40) members. It was a resounding success and will be repeated in the near future. A key for this Education Committee was: member and staff participation, member education and an opportunity to enrich the lives of our members in a practical way.

Joint All Fours Competition

The Joint Credit Union Committee of which ASCU is a founding member, had its Annual All Fours Competition on the 20th October 2018 at WITCO Sports Club. Aero Services fielded a well-balanced and competent team of All Fours aficionados. Due to the flooding, which made the highway impassable, one of our key Joint CU Teams, TECU, could not attend. As a result a combined team played against TECU the following week at their venue for the finals. Aero's team members received several individual prizes and it was a great day of camaraderie.

Annual Children's Christmas Party



The 3rd Annual Children's Christmas Party (Trinidad) was hosted on the 1st December 2018 at the ASCU Sporting Complex, which was attended by approximately 200 patrons. It was a challenging day for our Youth Link as there were several other children Christmas Parties, and school events in the area. A good time was had by all especially the children who enjoyed bouncy castles, mascots, games, prizes and the distribution of gifts by Santa Claus.

EDUCATION & YOUTHLINK COMMITTEE REPORT CONT'D

Mixology Workshop



As we closed 2018 another DIY Series - Mixology Mixer was held. Our facilitator, Allister Ross, member of ASCU, took the class of 31 participants through the paces from theory to demos to their own practical mixing. Participants learnt about measurement, use of the correct instruments, the right amount of alcohol and what blends well.

The climax of the event was the mystery bar competition, where teams created their own signature drink. The coffee rimmed glass and the blend that stirred everyone's taste buds won the admiration of all. This was a good climax for the Education Committee's calendar of events.

As Caretaker Chairman, I would like to thank the Education Committee and Youth Link members for their support during the year and Mr. Rennie for his stewardship during his time at the helm. We would also like to thank the Board, Committees, Staff and Members for their unwavering support during the year. To our dear valued members, without your support, we would not have achieved what we did and we hope you enjoyed the journey as much as we enjoyed doing it all for you.

We look forward to 2019, as a year of increased member engagement, education and development.

Your Education Committee remains committed to member engagement across the social and educational plains. Allow us to take you there.

Co-operatively Yours,

Brent Gaspard
Caretaker Chairman

TOBAGO COMMITTEE REPORT



Left to Right: Cindy Lewis, Rodney Craig, Nona Walker, Walton Walker
Missing: Giselle Alleyne

Mr. Rodney Craig – Chairman

Ms. Nona Walker – Secretary

Ms. Cindy Lewis – Member

Mr. Walton Walker – Member

Ms. Giselle Alleyne - Member

Year in Review (2018)

The Committee hosted three events:

Cottage Meeting

The Cottage Meeting which was planned to celebrate Credit Union Week, was eventually cancelled due to adverse weather over Trini-

dad and Tobago. It was initially aimed to sensitize members on matters such as Disaster Preparedness, Community Policing, Cybercrimes and the role of Customs & Exercise. This event will remain an integral part of our annual activities.

Children's Christmas Party

Our Annual Children's Christmas Party was a resounding success and was well supported by our members. The children were entertained with many games and attractions, including Santa's Arrival which was the highlight of the afternoon. There was support from the Education Committee and Board Representatives.

TOBAGO COMMITTEE REPORT CONT'D

Tobago Members Adult Party

This event was cancelled and funds allocated in support of our colleagues and fellow members gravely affected by the floods in Trinidad.

Events Planned for 2019

Tobago Market Fair
Sports & Family Day
Cottage Meeting
Children's Christmas Party
Adult Party

On behalf of the Tobago Committee and Tobago Focus Group, we extend our heartfelt thanks and appreciation to the Board of Directors, the Management and Staff, and the general membership for their support and for the opportunity to serve. We look forward to working with you again in 2019.

Sincerely



Rodney Craig
Chairman

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NOMINATING COMMITTEE REPORT

INTRODUCTION

In compliance with the Society's Bye Law 33a, the Board of Directors appointed a Nominating Committee to assume the task of inviting nominations from Aero Services Credit Union membership who are desirous of serving at the various offices of governance. These are the Board of Directors, the Supervisory Committee, and the Credit Committee. Members offering themselves for selection are required to be fit and proper and must be available to fulfill the obligation of office.

Directors appointed to serve on the Nomination Committee were:

Mr. Lyndon Byer	-	Chairman
Ms. Jacqueline O'Neil Lewis	-	Member
Ms. Phyllis Wickham	-	Member

The Committee in issuing its invitation to the membership emphasized the importance of persons offering themselves to be nominated who are:

1. In good standing with the Credit Union, that is, not delinquent and contributing regularly to their Share Account
2. In possession of reasonable knowledge and appreciation of the Credit Union's philosophy and operating principles.
3. Adequately qualified for the position being sought and who would be available to carry out the duties required of the position

A deadline date of January 18, 2019 was given for the submission of applications. No late submissions were entertained.

Outgoing Officers

In accordance with the Society's Bye-Laws, the following are the outgoing members of the Board of Directors:

1. Mr. Brian Matthew and Mr. Courtney Demming are statute-barred for at least one year, having served three consecutive terms.
2. Mrs. Esther Richards and Mr. Alec Clarke can serve again and submitted their nominations form.
3. Ms. Faye Husbands can serve again but did not indicate her willingness to do so.

All members, including alternates, of both the Supervisory Committee and the Credit Committee are all outgoing.

A total of eighteen (18) applications were received for consideration and seventeen (17) were approved.

Below are the names of the seventeen (17) nominees:

BOARD OF DIRECTORS

Mr. Philip Davies

Ms. Gail V Thomas

Mr. Earle Joseph

Mr. Alec Clarke

Mrs. Esther Richards

NOMINATING COMMITTEE REPORT CONT'D

SUPERVISORY COMMITTEE

Ms. Denise Zephrine
Ms. Ann Garcia
Ms. Candace Richards
Mr. Richard Prescod

The Orientation Session for all approved nominees was held on Monday 25th February 2019.

The Nominating Committee wishes to convey its gratitude and appreciation to the Board of Directors for the opportunity given to conduct this exercise and thanks all members who offered themselves to serve.

CREDIT COMMITTEE

Mr. Mikki Martinez
Mr. Hanz Barbour
Ms. Avril Guy
Ms. Elizabeth Aquí
Ms. Sharon Lee Sing Barnes
Mrs. Nerissa Alleyne
Mr. Anthony Dominic Mora
Ms. Mavis Edwards

Co-operatively Yours



.....
Lyndon Byer
Chairman

WHEREABOUTS NOTICE

URGENT NEED TO CONTACT

We are seeking your assistance in locating the following. If you have any information or know of their whereabouts, please contact us Monday- Friday 9:00am-4:00pm at 640-6416 ext. 229 or 244. All calls are kept confidential.

FIRST NAME	LAST NAME	ADDRESS
ABBY	WILLIAMS	LP #6 CARNBE, TOBAGO
AJAMU	MARK-BOWEN	49 GANNET DRIVE, BON AIR GARDENS, AROUCA
AKILAH	DUNCAN	#4903 AHAMAD CHARLES CRESENT, PHASE 4
AMARNATH	SINGH	1 1/2 KELLY MAIN ROAD, RAGOONATH TRACE, KELLY VILLAGE
ANN MARIE	REDON	10 TAYLOR STREET, WOODBROOK, PORT OF SPAIN
ANTHONY	SAGAR	8 CHINETTE ALLEY, OXFORD STREET, PORT OF SPAIN
ANTHONY	ISAAC	10 SAGE STREET, COCORITE
ASHLY	BYER	8 KELLY GARDENS, KELLY VILLAGE, CARONI
AUREA	WALTER	50 PINTO ROAD, ARIMA
AVALON	CHARLES	FARM 202 NICARAGUA ROAD, WALLER FIELD, ARIMA
AVEION	RAMSEY	# 69 MAIN ROAD, TODD'S ROAD, CHAGUANAS
AYANA	HAJARIE	POLE 61 KARAMATH STREET, EL DORADO, EL DORADO
BRENT	MC KENNA	CHINAPOO VILLAGE, MORVANT, LAVENTILLE
BRIAN	BRIGGS	296 LA HORQUETTA BLVD, ARIMA
CADINE	WALLACE	#24 EMERALD GARDENS, WARNER VILLAGE, CHARLIEVILLE, CHAGUANAS
CALNE	WILTSHIRE	58 GLEN ROAD, SCARBOROUGH, TOBAGO
CANDICE	SPENCE-VILLAFANA	LP # 89 ST. MARIE, EMMANUEL ROAD, CUMUTO
CHERRIE ANN	DEDIER	#59 MARAJ STREET, FIVE RIVERS, AROUCA
CINDY	LEE WING	#18 MT LAMBERT CIRCULAR R, UPSTS N/W/7, MOUNT LAMBERT
CLAIRE	PIBER	9 MOHAMMED TRACE, EL SOCORRO EXT, EL SOCORRO
CLINTON	DE VERTEUIL	LP 52 MT PLEASANT ROAD, ARIMA
COLLINS	MITCHELL	4 CANEFARM ROAD, TACARIGUA
CURT	SMART	#30 PIARCO VILLAGE, PIARCO
DAMIAN	BADAL	WATTLEY CIRCULAR, MT PLEASANT ROAD, ARIMA
DAMIAN	JOHNSON	# 6 BOUNDARY ROAD, APT2, AROUCA, AROUCA
DE LANO	HOSPEDALES	#142 12TH AVENUE, BON AIR GARDENS, AROUCA
DENZIL	EDWARDS	CASHEW PARK, ABERCROMBY ST. ST JOSEPH

WHEREABOUTS NOTICE

DEXTER	CHARLES	34 KELLY GARDENS, SIEUNARINE TRACE, CARONI
DOMINIQUE	BRUCE	54 BROWNE STREET, EL DORADO ROAD, TUNAPUNA
DORIAN	PATRICK	LP# 51 MICHAEL STREET, KELLY VILLAGE, CARONI
ECLIFFE	LEWIS	1/2 MM LOPINOT ROAD, AROUCA
EMBOYA	JAMES CHACK ON	285 FLAMINGO AVENUE, COUVA
FATIMA	MOHAMMED KHAN	18 HENRY STREET, ARANGUEZ, SAN JAUN
FERNANDO	GONZALES	18 MUCURAPO ROAD, ST JAMES, PORT OF SPAIN
FRANCINE	PHILLIP	BUILDING 14 APT 4-2 EAST, MALONEY GARDENS, D'ABADIE
FRANCISCO	MEDINA-DIAZ	TOWN HOUSE -10B, ST. BENEDICT GARDENS, TUNAPUNA
GABRIEL	LASHLEY	WOODLANDS, MORIAH, TOBAGO
GILLIAN	JACK	#7 JACKSON STREET, CUREPE
HAYDN	MITCHELL	# 5102 SNYDER AVENUE, APT. 2 BROOKLYN NY 11203 USA
HAZEL ANN	NANCOO	51 DIAMOND CRESCENT, BON AIR GARDENS, AROUCA
HEATHER	RODRIGUEZ	14 3RD STREET WEST, DINSLEY GARDENS, TRINCITY
JACINTA	BONEY	BLDG 16 APARTMENT 3-2 NORTH, MALONEY GARDENS
JAMES	MC DONALD	41 WALKER STREET, FREDERICK SETTLEMENT, CARONI
JASON	FLAVINEY	15 KARAMATH DEVELOPMENT, MANAHMBRE, PRINCESS TOWN
JENNIFER	RAMOS	104 RECREATION ROAD, CAPILDEO LANDS, ARIMA
JOAN	DE VERTEUIL	MILLAR STREET, OFF KING STREET, GLENCOE
JOANNE	O'GARRO	LP 17 CARONI SAVANNAH ROA, CHAGUANAS
JOSANN	MORRIS	55 BAMBOO TRACE, E.M.R, TUNAPUNA
JUDY-ANN	DUNCAN	4 FREEMAN ROAD, ST AUGUSTINE
JUDY-ANN	NELSON	8 WILLIAM STREET, SUCCESS VILLAGE, LAVENTILLE
KAREEM	DATES-ALEXANDER	2A MC KENZIE TRACE, GLEN ROAD, TOBAGO
KEARLENE	SANDY	11 DOVE STREET, SCARBOROUGH, TOBAGO
KEEGAN	ALI	LP 54 EL CARMEN STREET, FOSTER ROAD, SANGRE GRANDE
KEIGEN	ALEXANDER	2A MC KENZIE TRACE , GLEN ROAD SCARBOROUGH, TOBAGO
KERN	MC PHERSON	54 SIGNAL HILL, OLD ROAD, TOBAGO
KEVIN WALTER	WILSON	430 CHAMELEON AVENUE, LA HORQUETTA NORTH, ARIMA
KEVON	FRASER	#18 MARCUS AVENUE, VALENCIA, ARIMA
KEVON	BETHELMY	# 6 RAILWAY ROAD, GUAICO, SANGRE GRANDE
KIM SUE	MAYNARD	BLDG 5A CLEAVER HTS, T-HSE UNIT 1, ARIMA
KWACIE	BROWN	LP#59 JONES TRACE, QUARRY ROAD, SAN JUAN
LAMISHA	JEFFERS	37 CONCORDE GARDENS, ARIMA

WHEREABOUTS NOTICE

LARRY	SYLVESTER	CHURCH STREET, GRIFFITH DRIVE, CARAPO
LATOYA	BOBB	APT # 4 BLD 18, WHITE BAR BLUE SPRUCE STREET, LOPINOT, AROUCA
LAURENCE	DE LEON	LP # 85 MAUSICA OLD ROAD, ARIMA
LENUS	CHARLES	376 PICOPLATE AVENUE, MALONEY GARDENS, MALONEY
LESLEY ANN	RICHARDS POPE	#293 VERONIQUE STREET, MT PLEASANT ROAD, ARIMA
LETITIA	MENDEZ	FRANCIS STREET, ARIMA OLD ROAD, ARIMA
LOUISA	WALCOTT	#3 GARNET LANE, BELMONT
LUZAN KRYSTAL	NARCIS	21 MYRA DRIVE SHERWOOD, ARIMA
LYDIA	JOSEPH	POLE 10B SUBERO STREET, ARIMA
LYNDON DANIEL	GARCIA	LP 1076 EASTERN MAIN ROAD, MANZANILLA
MAKEDA	HUDSON	3 GIBSON TRACE, NORTH CUNUPIA, CUNUPIA
MARSHA	PASCAL	MALABER BRANCH TRACE, ARIMA
MARTIN	BANGURA	7 THIRD DRIVE, MT DOR, CHAMP FLEUR
MATTHEW	WILLIAMS	#1 VILLAGE STREET, BON ACCORD, TOBAGO
MELISSA	NORAY	LP 53 OUDAN TRACE, DON MIGUEL ROAD, SAN JUAN
MICHAEL	JOHN	DOW VILLAGE SETTLEMENT, CALIFORNIA
MICHAEL	SMITH	3 HUNTE ROAD, SAN JUAN
MICHELLE	RAMSARAN	44 COR. PARKVIEW & BLOSSOM STREETS, LA PAILLE GDNS CAR
NANDIE	KING	#2 BENJAMIN DRIVE, LAVENTILLE EXT ROAD, MORVANT
NEIL	MUNGAL	# 87 ORANGE GROVE RD, ST AUGUSTINE, ST AUGUSTINE
NELTON	AUGUSTINE	12 MORA STREET, ORANGE GROVE ROAD, TRINCITY
NIGEL	HINDS	10 BUTTERFLY AVENUE, PLEASANTVILLE, SAN FERNANDO
OKIELA	GRAY	LP 21 BEAUPREAS ROAD, PARAMIN HILL, MARAVAL
ONIKA	ANDERSON	LOT 113 9-8TH AVENUE, BON AIR GARDENS, AROUCA
ORAL	SEIFERT	21 JOHN SHAW AVENUE, ARIMA
RAIFERANN S.	BRIGGS	14 AVOCADO DRIVE, SANTA ROSA HEIGHTS, ARIMA
RAMCHAND	RAMPERSAD	90 SANCHO ROAD, NEW GRANT, PRINCESS TOWN
RAVI	SEUNATH	#34 BECKLES ST. SOUTH ESPARANCA VILLAGE, SAN FERNANDO
REBECCA	WOLFE	OASIS APTS, BLDG 2 APT 1E DIEGO MARTIN
REYNOLD	ABRAHAM	155 WINDWARD RAOD, HOPE VILLAGE, TOBAGO
ROBERT	RAMPERSAD	LP# 37 SELLIER STREET, OJOE ROAD, SANGRE GRANDE
ROBERT	AUGUSTUS	CAMERON ROAD, PETIT VALLEY
ROSA	MAHABIR	4 SAN ANTONIO GARDENS, SANTA CRUZ

WHEREABOUTS NOTICE

ROSIE	BAPTISTE	P.O BOX 8071 NATIONAL MAIL CENTRE, PIARCO
RYAN	CYRUS	WHIM VILLAGE, TOBAGO
SEAN	SEENATH	LAS LOMAS #1 CHIN CHIN ROAD, CUNUPIA
SHARON	DYER	RACE COURSE ROAD, EVERGREEN SIMON ROAD, ARIMA
SHELDON	CASSA	223 SOUTHERN MAIN ROAD, LA ROMAIN
SHERLON	TIDD	12 SIXTH STREET, MT. LAMBERT
SHIRAZ	BAKSH	38 MC INROY STREET, CUREPE
STEPHANIE	KHAN	P. O. BOX 1413 WRIGHTSON RD. POST OFFICE
STEPHON	HERBERT	BUILDING 5 WATERHOLE APT 4-3 HARDING PLACE, COCORITE
SYAMKARAN	SINGH	MAIN RD, KELLY VILLAGE, CARONI
TERRENCE	WARDE	5 MAHABIRVILLE STREET, MALABAR, ARIMA
THEODORE	KEIZER	36, WEST HILL, CASCADE
THERON	BRASSEY	#24 SHELBOURNE STREET, PLYMOUTH, TOBAGO
TYRELL	CROSBY	3 SPRINGLANDS AVENUE, VALSAYN
USTER	PHILLIPS	187 EASTERN MAIN ROAD, TACARIGUA
WAYNE	THOMAS	#10 EASTERN MAIN ROAD, LAVENTILLE
WENDY - ANN	REMY	145 CHESTNUT DRIVE, BREGON PARK, D'ABADIE
YOLANDA	MITCHELL	29A DAVID STREET, EAST DRY RIVER, PORT OF SPAIN
ZEPHRIN	TOPPIN	LP 10 GOLDEN GROVE ROAD, CANAAN, TOBAGO

FINANCIAL REPORTS



Chartered Accountants
& Business Advisors

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

FINANCIAL STATEMENTS

31 DECEMBER 2018



Chartered Accountants
& Business Advisors

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

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Aero Services Credit Union
www.aeroservicescu.com

Statement of Management Responsibilities

Management is responsible for the following:

- preparing and fairly presenting the accompanying financial statements of Aero Services Credit Union Co-operative Society Limited, which comprise the statement of financial position as at 31 December 2018, 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;
- ensuring that the Credit Union keeps proper accounting records;
- selecting appropriate accounting policies and applying them in a consistent manner;
- implementing, monitoring and evaluating the system of internal control that assures security of the Credit Union's assets, detection/prevention of fraud, and the achievement of committee operational efficiencies;
- ensuring that the system of internal control operated effectively during the reporting period;
- producing reliable financial reporting that comply with laws and regulations; and
- using reasonable and prudent judgement in the determination of estimates.

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

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

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

President

12th April 2019

General Manager

12th April 2019



Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT

The Members

Aero Services Credit Union Co-operative Society Limited

Opinion

We have audited the financial statements of Aero Services Credit Union Co-operative Society Limited, which comprise the statement of financial position as at 31 December 2018, the statements of comprehensive income, appropriated funds and undivided surplus and cash flows for the year then ended, together with the notes and schedules to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Aero Services Credit Union Co-operative Society Limited as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Aero Services Credit Union Co-operative Society Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the credit union's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless management either intends to liquidate the credit union or to cease operations, or has no realistic alternative but to do so.

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

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

Partners: Renée-Lisa Philip Mark K. Superville



Chartered Accountants
& Business Advisors

INDEPENDENT AUDITORS' REPORT (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the credit union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the credit union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

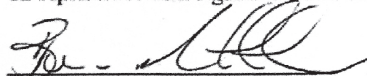
Barataria
TRINIDAD
12 April 2019

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF FINANCIAL POSITION

ASSETS			
	Notes	31 December	
		2018	2017
		(\$)	(\$)
Cash Resources:			
Cash in hand and at bank	5	7,601,296	11,915,381
Investments	6	<u>90,425,863</u>	<u>91,034,502</u>
Total Cash Resources		<u>98,027,159</u>	<u>102,949,883</u>
Other Assets:			
Accounts receivable and prepayments	7	6,980,754	5,907,815
Other investments	8	24,386,613	25,184,680
Loans to members	9	147,726,107	139,037,829
Inventory	10	51,229	24,144
Fixed assets	11	<u>18,459,542</u>	<u>17,850,062</u>
Total Assets		<u>295,631,404</u>	<u>290,954,413</u>
LIABILITIES AND MEMBERS' EQUITY			
Liabilities:			
Bank overdraft	12	-	14,142
Accounts payable and accruals	13	1,596,148	2,122,988
Members' deposits	14	41,883,533	40,841,307
Unclaimed dividends and shares	15	1,834,815	2,019,441
Proposed honoraria	16	211,364	321,730
Members' shares	17	<u>192,707,515</u>	<u>184,690,411</u>
Total Liabilities		<u>238,233,375</u>	<u>230,010,019</u>
Members' Equity:			
Reserve Fund		17,430,119	16,662,869
Education Fund		2,375,138	2,354,382
Development Fund		504,722	652,161
Investment Re-measurement Reserve	21	-	6,360,253
Revaluation Reserve		9,011,970	9,011,970
Special Reserve Fund		226,648	226,648
Undivided Surplus		<u>27,849,432</u>	<u>25,676,111</u>
Total Members' Equity		<u>57,398,029</u>	<u>60,944,394</u>
Total Liabilities and Members' Equity		<u>295,631,404</u>	<u>290,954,413</u>

These financial statements were approved by the Board of Directors and authorised for issue on 12 April 2019 and signed on their behalf by:



President



General Manager



Member
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>2018</u> (\$)	<u>2017</u> (\$)
Income:			
Interest on loans		17,279,932	16,187,546
Investment income		7,575,752	6,250,719
Rental income		331,164	321,370
Entrance fees		16,720	15,200
Miscellaneous income		337,475	144,636
Service charge		137,279	153,479
Bad debts recovered		<u>85,111</u>	<u>74,021</u>
Total Income		<u>25,763,433</u>	<u>23,146,971</u>
General and Administrative Expenses:			
Personnel cost	1	4,132,832	3,614,128
Operational cost	2	2,837,779	1,958,835
Financial cost	3	1,271,121	1,381,853
Administrative cost	4	738,736	541,212
Credit Impairment on loans		1,441,100	672,000
Net FV losses on financial assets classified at FVTPL		5,161,463	-
Risk management	5	1,059,704	884,023
Rental expenses		484,321	462,645
Depreciation		458,517	427,217
Officers' and committee expenses	6	662,829	1,035,196
Amortisation of bond premium		<u>9,729</u>	<u>10,453</u>
Total General and Administrative Expenses		<u>18,258,131</u>	<u>10,987,562</u>
Net surplus for the year		7,505,302	12,159,409
Other Comprehensive Income:			
<u>Items that may be reclassified to profit or loss</u>			
Unrealised gain on investments		<u>-</u>	<u>2,246,775</u>
Total Comprehensive Income for the year		<u><u>7,505,302</u></u>	<u><u>14,406,184</u></u>

(The accompanying notes form part of these financial statements)

6.

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

31 DECEMBER 2018

2018	Reserve Fund (\$)	Education Fund (\$)	Development Fund (\$)	Investment Re-measurement Reserve (\$)	Revaluation Reserve (\$)	Special Reserve Fund (\$)	Undivided Surplus (\$)	Total (\$)
Balance as at 1 January 2018	16,662,869	2,354,382	652,161	6,360,253	9,011,970	226,648	25,676,111	60,944,394
IFRS 9 Transition Adjustment	-	-	-	(6,360,253)	-	-	5,156,051	(1,204,202)
Restated balance as at 1 January 2018	16,662,869	2,354,382	652,161	-	9,011,970	226,648	30,832,162	59,740,192
Add: Net surplus for the year	-	-	-	-	-	-	7,505,302	7,505,302
(i) 10% to Reserve Fund	750,530	-	-	-	-	-	(750,530)	-
(ii) 5% of the balance to the Education Fund	-	337,739	-	-	-	-	(337,739)	-
Entrance fees	17,413,399	2,692,121	652,161	-	9,011,970	226,648	37,249,195	67,245,494
Meetings and conferences	16,720	-	-	-	-	-	(16,720)	-
Education Committee Expenses	-	(239,372)	-	-	-	-	239,372	-
IFRS 9 Model expense	-	(77,611)	-	-	-	-	77,611	-
Dividends paid - 2017	-	-	(147,439)	-	-	-	147,439	-
Balance at 31 December 2018	<u>17,430,119</u>	<u>2,375,138</u>	<u>504,722</u>	<u>-</u>	<u>9,011,970</u>	<u>226,648</u>	<u>27,849,432</u>	<u>57,398,029</u>

(The accompanying notes form part of these financial statements)

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

47TH AGM

7.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED STATEMENT OF APPROPRIATED FUNDS AND UNDIVIDED SURPLUS (CONTINUED)

31 DECEMBER 2018

2017	Reserve Fund (\$)	Education Fund (\$)	Development Fund (\$)	Investment Re-measurement Reserve (\$)	Revaluation Reserve (\$)	Reserve Fund (\$)	Undivided Surplus (\$)	Total (\$)
Balance as at 1 January 2017	15,452,818	2,137,698	652,161	4,113,478	9,011,970	226,648	23,976,447	55,571,220
Add: Net surplus for the year								
(i) 10% to Reserve Fund	1,215,941	-	-	-	-	-	12,159,409	12,159,409
(ii) 5% of the balance to the Education Fund	-	547,173	-	-	-	-	(547,173)	-
Appreciation in Market Value of investments	-	-	-	2,246,775	-	-	-	2,246,775
Entrance fees	16,668,759	2,684,871	652,161	6,360,253	9,011,970	226,648	34,372,743	69,977,404
Meetings and conferences	15,200	-	-	-	-	-	(15,200)	-
Education Committee Expenses	-	(270,249)	-	-	-	-	270,249	-
Payment of unclaimed funds	-	(60,240)	-	-	-	-	60,240	-
Dividends paid - 2016	(21,090)	-	-	-	-	-	-	(21,090)
Balance at 31 December 2017	<u>16,662,869</u>	<u>2,354,382</u>	<u>652,161</u>	<u>6,360,253</u>	<u>9,011,970</u>	<u>226,648</u>	<u>25,676,111</u>	<u>60,944,394</u>

(The accompanying notes form part of these financial statements)

8.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

STATEMENT OF CASH FLOWS

	For the year ended 31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Cash Flows from Operating Activities:		
Net surplus for the year	7,505,302	12,159,409
Amortisation of bond premium	9,729	10,453
Credit impairment provision on loans - current year	1,441,100	672,000
Net FV losses on financial assets classified at FVTPL	5,161,463	-
Depreciation	458,517	427,217
Loss on FOREX	39,502	-
Accrued interest income	<u>(2,707,772)</u>	<u>(1,576,126)</u>
	11,907,841	11,692,953
Net change in accounts receivables and prepayments	1,634,832	890,252
Net change in inventory	(27,085)	(12,770)
Net change in accounts payable, accruals and honoraria	(637,206)	959,222
Net change in loans to members	(11,333,580)	(12,725,921)
Net change in members' deposit	<u>1,042,226</u>	<u>26,490</u>
Cash provided by Operating Activities	<u>2,587,028</u>	<u>830,226</u>
Cash Flows from Investing Activities:		
Net change in fixed assets	(1,067,997)	(281,351)
Net change in other investments	853,199	(2,253,508)
Net change in investments	<u>(4,657,187)</u>	<u>(4,181,189)</u>
Cash used in Investing Activities	<u>(4,871,985)</u>	<u>(6,716,048)</u>
Cash Flows from Financing Activities:		
Unclaimed funds paid	(184,626)	(21,090)
Dividends paid	(9,847,465)	(9,011,920)
Increase in Members' Shares	<u>8,017,105</u>	<u>22,795,838</u>
Cash (used in)/provided by Financing Activities	<u>(2,014,986)</u>	<u>13,762,828</u>
Net change in cash resources	(4,299,943)	7,877,006
Net cash resources, beginning of year	<u>11,901,239</u>	<u>4,024,233</u>
Net cash resources, end of year	<u><u>7,601,296</u></u>	<u><u>11,901,239</u></u>
Represented by:		
Cash in hand and at bank	7,601,296	11,915,381
Bank overdraft	<u>-</u>	<u>(14,142)</u>
	<u><u>7,601,296</u></u>	<u><u>11,901,239</u></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 2018

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 amortised cost and fair value of investments and the properties.

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 -**

The Society has not applied the following standards, revised standards and interpretations that have been issued because they are not yet effective or are not expected to have a material impact on its financial statements, except for IFRS 9 Financial Instruments:

IFRS 1	First-time Adoption of Financial Reporting Standards - Amendments regarding the deletion of short-term exemptions for first-time adopters (effective for accounting periods beginning on or after 1 January 2018).
IFRS 2	Share-based Payment - Amendments regarding the classification and measurement of share-based payment transactions (effective for accounting periods beginning on or after 1 January 2018).
IFRS 4	Insurance Contracts - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).
IFRS 9	Financial Instruments - Amendments regarding the application of IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (effective for accounting periods beginning on or after 1 January 2018).

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

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

- | | |
|----------|---|
| IFRS 9 | Financial Instruments - Amendments regarding prepayment features with negative compensation (effective for accounting periods beginning on or after 1 January 2019). |
| IFRS 15 | Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018). |
| IFRS 16 | Leases (effective for accounting periods beginning on or after 1 January 2019). |
| IFRS 17 | Insurance Contracts (effective for accounting periods beginning on or after 1 January 2021). |
| IAS 28 | Investment in Associates - Amendments regarding the long-term interests in associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2019). |
| IAS 40 | Investment Property - Amendments regarding the transfer of investment property (effective for accounting periods beginning on or after 1 July 2018). |
| IFRIC 22 | Foreign Currency Transactions and Advance Consideration (effective for accounting periods beginning on or after 1 January 2018). |
| IFRIC 23 | Uncertainty over Income Tax Treatments (effective for accounting periods beginning on or after 1 January 2019). |

The Society has adopted IFRS 9 Financial Instruments as issued by the IASB in July 2014 with a transition date of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Credit Union did not early adopt any of IFRS 9 in previous periods.

Effective for annual periods on or after 1 January 2018, IFRS 9 replaces IAS 39. IFRS 9 requires financial assets to be classified into three measurement categories: those measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) and those measured at amortized cost. Classification is made on the basis of the financial instruments contractual cash flows and the entity's business model under which the financials instruments are held. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and available for sale

For financial liabilities, the standard remains the same as it was under IAS 39.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

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

With the adoption of IFRS9, the impairment requirements are based on an expected credit loss (ECL) model replacing the IAS 39 incurred loss model. IFRS 9 requires the Credit Union to record an allowance for all debt instruments accounted for at amortized cost or at FVOCI, loan commitments and financial guarantee contracts. This allowance is based on a twelve month ECL as long as there is no significant deterioration in credit risk since initial recognition. Any significant change in the credit risk will require an allowance based on the lifetime ECL of the asset.

As permitted by the transitional provisions of IFRS 9 the Credit Union did not elect to restate comparative figures. The comparative information is reported under IAS 39 and is not comparable to the information presented for 2018. Differences as a result of the adoption of IFRS 9 have been recognized directly in the undivided surplus of the current period.

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

The properties are stated at the revalued amounts and 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 costs of 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.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the Revaluation Reserve in Shareholders' Equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the Statement of Comprehensive Income. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to Retained Earnings.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****2. Significant Accounting Policies (Cont'd):****e) Financial instruments -****Financial assets**

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

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

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

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

Initial measurement

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

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

- (i) Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Assets and liabilities are classified as Level 1 if their value is observable in an active market. The use of observable market prices and model inputs, when available, reduces the need for management judgement and estimation, as well as the uncertainty related with the estimated fair value.
- (ii) Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability.
- (iii) Level 3 inputs are unobservable inputs. Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

e) Financial instruments (cont'd) -

Financial assets (cont'd)

Subsequent measurement

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

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

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

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

Reclassification

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

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****2. Significant Accounting Policies (Cont'd):****e) Financial instruments (cont'd) -****Impairment**

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

- (i) Twelve-month Expected credit loss (ECL) – These are losses that result from default events that are possible within twelve months after the reporting date. Such financial assets are at 'Stage 1'.
- (ii) Lifetime ECL - These are losses that result from all possible default events over the life of the financial instrument. Such financial assets are at 'Stage 2' or 'Stage 3'.

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

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

Performing financial assets – Stage 1

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

Significant increase in credit risk – Stage 2

When an asset becomes 90 days past due, the Credit union considers that a significant increase in credit risk has occurred and the asset is deemed to be at Stage 2 and the loss allowance is measured as the lifetime ECL.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

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

Credit-impaired financial assets – Stage 3

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

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

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

Modification and Derecognition of Financial Assets

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

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****2. Significant Accounting Policies (Cont'd):****e) Financial instruments (cont'd) -****Modification and Derecognition of Financial Assets (cont'd)**

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

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

Write-off

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

Financial liabilities

Since the Society does not trade in financial liabilities, and since there are no measurement or recognition inconsistencies, all financial liabilities are initially measured at fair value, net of transaction costs and subsequently, at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount on initial recognition. Financial liabilities recognised at amortised cost are not reclassified.

Measurement of ECL

The key inputs used for measuring ECL are:

- (i) probability of default (PD);
- (ii) loss given default (LGD); and
- (iii) exposure at default (EAD).

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

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

Measurement of ECL (cont'd)

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

- i) credit history;
- ii) sector of employment;
- iii) type of payment;
- iv) type of loan;
- v) disposable income;
- vi) years of employment; and
- vii) value of collateral relative to the financial asset

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

Collateral held as security

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

General loans	Shares and deposits in the credit union and deed of mortgage on property *
Vehicle loans	Deed of Mortgage on vehicles

*The Society holds residential properties as collateral for some general loans granted to its members. The value of the collateral for these loans is typically based on the value at origination, updated based on changes in house prices. For credit-impaired loans, the value of collateral is based on the most recent appraisals.

Assets obtained by taking possession of collateral

The Society obtained the following assets during the year by taking possession of collateral held as security against loans held at the year end. The Society's policy is to realise collateral on a timely basis.

Shares	888,811
Motor Vehicles	<u>300,000</u>
Total assets obtained by taking possession of collateral	<u>1,188,811</u>

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

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

The following table reconciles the carrying amount of the financial assets from their previous measurement category in accordance with IAS 39 to their new measurement categories upon transition to IFRS 9 on 1 January 2018:

Financial Assets	IAS 39 carrying value 31/12/17	Reclassifications	ECL Remeasurement	IFRS 9 carrying value 1/1/18
Amortised Cost				
Cash in hand and at bank	11,915,381	-	-	11,915,381
Investments	43,999,144	-	-	43,999,144
Other Investments	3,343,221	-	-	3,343,221
Accounts Receivable and Prepayments	5,907,815	-	-	5,907,815
Loans to Members	143,587,473	-	-	143,587,473
Impairment Allowance	<u>(4,549,644)</u>	<u>-</u>	<u>(1,204,202)</u>	<u>(5,753,846)</u>
	<u>139,037,829</u>	<u>-</u>	<u>(1,204,202)</u>	<u>137,833,627</u>
Fair Value Through Other Comprehensive Income				
Investments	47,035,358	(47,035,358)	-	-
Other Investments	21,841,459	(21,841,459)	-	-
Fair Value Through Profit and Loss				
Investments	-	47,035,358	-	47,035,358
Other Investments	-	21,841,459	-	21,841,459

While cash and cash equivalents are also subjected to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. Significant Accounting Policies (Cont'd):

f) Revenue recognition -

Loan Interest

Interest charged on all loans to members is calculated on the monthly outstanding balance at interest rates ranging from 0.50% to 1.5% on a monthly basis.

Loan interest income is recognized solely upon receipt.

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 #18.

g) 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 month. 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.

h) 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. As at 31 December 2018 US Dollar denominated bank and investment balances were converted at the RBC Royal Bank (T & T) Limited's Buying and Selling mid-rate of **TT\$6.7143** to US\$1.00 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.

i) Comparative information -

Where necessary, comparative data has been adjusted to conform with changes in presentation in the current year.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****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.

Bonds

The Society invests mainly in medium term bonds consisting of fixed rate instruments.

The market values of the fixed rate bonds are not very sensitive to changes in interest rates. The market values of the floating rate bonds are sensitive to changes in interest rates. The longer the maturity of the bonds, the greater is the sensitivity to changes in interest rates. Because these assets are being held to maturity and are not traded, any changes in market values will not impact the Statement of Comprehensive Income

Loans

The Society generally invests in fixed rate loans for terms not exceeding fifteen (15) years. These are funded mainly from member deposits and shares.

b) Credit risk -

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

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. Financial Risk Management:

Financial risk factors

b) Credit risk (cont'd) -

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

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

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

Credit risk management

The Board of Directors, along with the Credit Committee, is responsible for managing the credit union's credit risk by:

- (i) ensuring that the credit union has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the credit union's policies and procedures, International Financial Reporting Standards and relevant supervisory guidance.
- (ii) identifying, assessing and measuring credit risk across the credit union, from an individual financial instrument to the portfolio level.
- (iii) creating credit policies to protect the credit union against the identified risks, including the obtaining collateral from borrowers, performing robust ongoing credit assessment of borrowers, and continually monitor exposures.
- (iv) as far as possible, limiting concentrations of exposure by type of loan, industry, credit rating, geographic location, etc.
- (v) establishing a robust control mechanism for loan approval.
- (vi) categorising exposures according to the degree of risk of default.
- (vii) developing and maintaining processes for measuring ECL.
- (viii) providing guidance to promote best practice in the management of risk.

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

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****3. Financial Risk Management (Cont'd):****Financial risk factors****b) Credit risk (cont'd) -****Significant increase in credit risk**

The credit union presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than ninety (90) days past due, unless the credit union has reasonable and supportable information that demonstrates otherwise. The credit union has monitoring procedures to ensure that significant increase in credit risk is identified before default occurs.

Measurement of the Expected Credit Loss (ECL) Allowance

The measurement of the expected credit loss (ECL) for financial assets and especially for the loan portfolio of the Society required the use of a complex model and significant assumptions about future economic conditions and credit behaviour e.g. the likelihood of members defaulting and the resulting losses. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed below and sets out key sensitivities of the ECL

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increases in credit risk
- Developing an appropriate model and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward looking scenarios

The estimation of credit exposure for risk management purposes is complex and required the use of a model which was developed with the assistance of a consultant PhD in Economics graduated from the University of the West Indies.

The objective of the model was to compute the credit risk for loans approved by the Society. Credit risk, in this context, may be defined as the probability that a borrower would default on his/her loan over a period within the life of the loan.

The consultant engaged to develop the model was provided with the 1,997 loan data items for the year ended 31 December 2017 and he determined that the data items in the credit history data set provided by Aero Services CU was large enough for the purposes of the study and allowed for the relative frequencies computed from the data set to qualify to be used as probabilities.

A borrower is profiled by a defined set of variables. Accordingly, credit risk is computed as the conditional probability that a member would default on his/her loan with the Society given the combination of values of the defined set of variables within his/her profile.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. Financial Risk Management (Cont'd):

Financial risk factors

b) Credit risk (cont'd) -

It is noteworthy that the aforementioned conditional probabilities would be used by the Society's Finance Department to compute the expected loss in the Expected Credit Loss (ECL) model. The Society through this model measures credit risk using the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

Credit Risk Grading

Based on borrower and loan specific information gathered at the time of application, supplemented by credit bureau scoring by Transunion, and other known information of the member/borrower e.g. previous delinquency, a probability factor would be determine with the use of the Model.

Expected Credit Loss Measurement

IFRS 9 outlines a three (3) stage model for impairment based on changes in credit quality since initial recognition.

- 1) A financial instrument that is not credit impaired at the date of initial recognition is classified as Stage 1. Financial instruments at Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next twelve (12) months.
- 2) If a significant increase in credit risk is identified since initial recognition, the financial instrument may not yet be viewed as "credit impaired" and is advanced to Stage 2.
- 3) If the financial instrument is deemed to be credit impaired then it is moved to Stage 3.

Definition of Default and Credit Impaired Assets

The Credit Union defines a borrower who is more than 90 days delinquent on its contractual payments as being in default.

Traits of the borrower indicating default include : - member is deceased or insolvent, is in breach of certain loan covenants, concessions have already been made by the Society relating to the member's financial difficulties e.g. short term waivers.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. Financial Risk Management (Cont'd):

Financial risk factors

b) Credit risk (cont'd) -

Forward-looking information incorporated in the ECL models

The assessment of significant increases in credit risk and the calculation of ECL both incorporate forward looking information. The Model developed by the Society includes historical analysis and identifies key economic variables impacting credit risk for the loan portfolio.

The methodology used to compute the credit risk allows the credit risk to be a dependent variable whose probability outcome is influenced by a number of independent variables, namely: the sector of employment, the type of loan payment, the type of loan, the disposable income of the client, and the years of employment of workers. Credit Union members exist within the macro economy of Trinidad and Tobago. Accordingly, various macroeconomic factors may affect the ability of a member to repay a loan. These include:

- The inflation rate (as this will affect their purchasing power; further the income of self-employed members may decline and that development will affect their ability to repay their loans).
- Employment levels (if members become unemployed, that event would affect their ability to repay their loans).
- The GDP growth rate (if the economy is slowing down, young people and even construction workers are usually the first to find difficulty in obtaining employment. The inclusion of the macroeconomic variables directly in the probability would not be able to directly influence any of the probability outcomes.
- After careful study the macroeconomic variables were deemed latent variables whose effect is likely to be experienced through the "sector of employment" variable. For example, assume that the price of oil rises above US\$100/bbl., then the price of aviation fuel will also rise. This would increase the cost of operation for the aviation industry. If the cost rise is prolonged, and if the aviation industry is unable to pass on the increase in costs to consumers, then it may opt to retrench some workers.

This may eventually affect some members' ability to pay their loans, thus there may be a rise in the default rates of the aviation sector workers.

- It is possible for significant macroeconomic events to occur in the future which could affect the disposable income of members, and in turn affect their ability to meet their loan obligations. In order to detect such potential changes, the latent effect of such macroeconomic variables on the ability of members to meet their loan service obligations, the dataset should be updated preferably at mid and end of year intervals and where possible, factor in the findings of the sample.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. Financial Risk Management (Cont'd):

Financial risk factors

b) Credit risk (cont'd) -

Forward-looking information incorporated in the ECL models (cont'd)

- In moving forward, a 5-year rolling dataset would be used to update the data. This system will be advantageous as it would gradually allow for old data on loan performance to eventually exit the dataset used to collect the credit risk. The second major advantage of the 5-year rolling dataset is that new data would be continuously being entering the dataset, thus, the estimated probabilities would always reflect reasonably current compliance behaviour from members who received loans from the Society.

Based on the research completed by the consultant hired by the Society, it was determined that the inclusion of macroeconomic variables directly in the determination of the probability of default would not influence any of the probability outcomes.

Collateral and other credit enhancements

The Credit Union employs a range of policies and practices to mitigate credit risk. The most common is of pledging share and other deposits already lodged at the Society, accepting other collateral – mortgages and/or assignment of other assets e.g. premises, property, shares, life insurance policies. This collateral is reviewed periodically. For loans considered credit impaired the Credit Union takes possession of collateral held to mitigate potential credit losses.

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 2018****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 Commissioner for the Co-operative Development, 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 2018

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 credit union makes estimates and assumptions concerning the future. However, actual results could differ from those estimates as the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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

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

- i) Whether investments are classified as held to maturity investments, available for sale or loans and receivables.
- ii) Which depreciation method for investment properties and fixed assets are used.
- iii) *Business model assessment:*
The Society reassesses its business models each reporting period to determine whether they continue to be appropriate and if there need to be a prospective change to the classification of financial assets. This assessment includes judgement regarding:
 - how the performance of the assets is evaluated and measured; and
 - the risks that affect the performance of the assets and how these risks are managed.
- iv) *Significant increase of credit risk:*
The credit union computes twelve-month ECL for Stage 1 assets and lifetime ECL for Stage 2 or Stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Assessing whether there has been a significant increase in credit risk required judgement takes into account reasonable and supportable forward-looking information.
- v) *Establishing groups of assets with similar credit risk characteristics:*
When ECL is measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Society monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. Judgement is required in determining whether and when to move assets between portfolios.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2018****4. Critical Accounting Estimates and Judgments (Cont'd):****vi) *Valuation models and assumptions used:***

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date (requiring management's most difficult, subjective or complex judgements) that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

i) Impairment of assets

Management assesses at each reporting date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

ii) Probability of default (PD)

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

iii) Loss Given Default (LGD):

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

iv) Fair value measurement and valuation process

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

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

v) Exposure at Default (EAD)

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

vi) Plant and equipment

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

5. Cash in Hand and at Bank:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Cash in hand	108,946	35,050
JMMB Bank Limited	156,652	-
First Citizens Bank Limited	99,970	-
RBC Royal Bank (Trinidad and Tobago) Limited		
- Current account	6,483,752	10,496,115
- US\$ Savings account	600,844	642,435
- Tobago	151,132	741,781
	<u>7,601,296</u>	<u>11,915,381</u>

6. Investments:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
<u>Financial assets at amortised cost</u>		
Fixed deposits/loan notes	48,517,000	43,999,144
<u>Financial assets at fair value through profit and loss -</u>		
Money market funds	3,780,938	4,945,650
Managed portfolios	35,171,897	38,840,398
Bonds	2,956,028	3,249,310
	<u>90,425,863</u>	<u>91,034,502</u>

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AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

7. Accounts Receivable and Prepayments:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Interest receivable	2,786,617	1,769,801
Payroll deductions receivable	2,863,844	3,081,935
Other receivables	132,192	147,824
Prepayments	255,275	239,369
Value Added Tax	942,826	668,886
	<u>6,980,754</u>	<u>5,907,815</u>

8. Other Investments:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
<u>Financial assets at amortised cost</u>		
Bonds	1,695,149	3,343,221
<u>Financial assets at fair value through profit and loss -</u>		
Quoted equity investments	19,766,576	19,571,691
Unquoted equity investments	250,100	250,100
Bonds	681,412	-
Mutual funds	1,993,376	2,019,668
	<u>24,386,613</u>	<u>25,184,680</u>

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AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

9. Loans to Members:

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

	31 December	
	<u>2018</u> (\$)	<u>2017</u> (\$)
Loans to members	154,921,053	143,587,473
Less: Allowance for expected credit losses	<u>(7,194,946)</u>	<u>(4,549,644)</u>
	<u>147,726,107</u>	<u>139,037,829</u>
(b) Allowance for expected credit losses -		
Balance brought forward	4,549,644	3,877,644
Expected credit losses -		
IFRS 9 transition adjustment	1,204,202	-
Current year	<u>1,441,100</u>	<u>672,000</u>
Balance carried forward	<u>7,194,946</u>	<u>4,549,644</u>

10. Inventory:

The Society's inventory balance comprises stock of debit cards and carrier cases.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

11. Fixed Assets:

	Freehold land (\$)	Land and building – Tacarigua (\$)	Computer equipment and software (\$)	Office furniture and equipment (\$)	Telephone system (\$)	Security equipment (\$)	ASCU Sporting Complex (\$)	Motor vehicle (\$)	Work in Progress (\$)	Total (\$)
Cost										
Balance as at 1 January 2018	5,200,000	10,815,514	1,325,144	1,624,764	211,710	161,166	1,542,876	256,596	-	21,137,770
Additions	-	2,250	55,657	42,788	-	16,062	10,000	-	941,240	1,067,997
Balance as at 31 December 2018	5,200,000	10,817,764	1,380,801	1,667,552	211,710	177,228	1,552,876	256,596	941,240	22,205,767
Accumulated Depreciation										
Balance as at 1 January 2018	-	626,147	1,105,642	1,039,907	145,757	73,822	161,206	135,227	-	3,287,708
Charge for the year	-	215,811	84,628	81,536	11,152	8,227	33,517	23,646	-	458,517
Balance as at 31 December 2018	-	841,958	1,190,270	1,121,443	156,909	82,049	194,723	158,873	-	3,746,225
Net Book Value										
Balance as at 31 December 2018	5,200,000	9,975,806	190,531	546,109	54,801	95,179	1,358,153	97,723	941,240	18,459,542
Balance as at 31 December 2017	5,200,000	10,189,367	219,502	584,857	65,953	87,344	1,381,670	121,369	-	17,850,062

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

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AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

11. Fixed Assets (Cont'd):

Cost	Freehold land (\$)	Land and building – Tacarigua (\$)	Computer equipment and software (\$)	Office furniture and equipment (\$)	Telephone system (\$)	Security equipment (\$)	ASCU Sporting Complex (\$)	Motor vehicle (\$)	Total (\$)
Balance as at 1 January 2017	5,200,000	10,747,044	1,247,996	1,515,694	195,877	150,652	1,542,876	256,596	20,856,735
Additions	-	121,118	77,148	109,070	15,833	10,514	-	-	333,683
Disposals	-	(52,648)	-	-	-	-	-	-	(52,648)
Balance as at 31 December 2017	<u>5,200,000</u>	<u>10,815,514</u>	<u>1,325,144</u>	<u>1,624,764</u>	<u>211,710</u>	<u>161,166</u>	<u>1,542,876</u>	<u>256,596</u>	<u>21,137,770</u>
Accumulated Depreciation									
Balance as at 1 January 2017	-	420,891	1,059,790	956,778	130,959	64,610	133,009	94,770	2,860,807
Charge for the year	-	205,572	45,852	83,129	14,798	9,212	28,197	40,457	427,217
Disposals	-	(316)	-	-	-	-	-	-	(316)
Balance as at 31 December 2017	-	<u>626,147</u>	<u>1,105,642</u>	<u>1,039,907</u>	<u>145,757</u>	<u>73,822</u>	<u>161,206</u>	<u>135,227</u>	<u>3,287,708</u>
Net Book Value									
Balance as at 31 December 2017	<u>5,200,000</u>	<u>10,189,367</u>	<u>219,502</u>	<u>584,857</u>	<u>65,953</u>	<u>87,344</u>	<u>1,381,670</u>	<u>121,369</u>	<u>17,850,062</u>
Balance as at 31 December 2016	<u>5,200,000</u>	<u>10,326,153</u>	<u>188,206</u>	<u>558,916</u>	<u>64,918</u>	<u>86,042</u>	<u>1,409,867</u>	<u>161,826</u>	<u>17,995,928</u>

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AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

12. **Bank Overdraft:**

	31 December	
	2018	2017
	(\$)	(\$)
JMMB Bank Limited	-	14,142

The Society has overdraft facilities with JMMB Bank Limited and RBC Royal Bank (Trinidad and Tobago) Limited.

13. **Accounts Payable and Accruals:**

	31 December	
	2018	2017
	(\$)	(\$)
Audit fees	152,103	113,141
CUNA insurance	225,746	60,310
Fixed deposit interest payable	343,104	445,771
Other payables	268,470	390,880
Members' standing orders	35,033	787,976
Accruals	571,692	324,910
	<u>1,596,148</u>	<u>2,122,988</u>

14. **Members' Deposits:**

The interest rate varied between 2% to 4% per annum. Fixed deposits are hold for a minimum of one year.

15. **Unclaimed Dividends and Shares:**

As per Article 8 (a) of the Bye-laws, if the whereabouts of a member is unknown to the Society and no claim is made on the member's funds within one (1) year from the date of his last transaction, the funds may be transferred from the member's account to an unclaimed shares account. Any sums within this account unclaimed for three (3) years may be transferred to the Reserve Fund.

16. **Proposed Honoraria:**

Honoraria is calculated on a percentage of the Undivided Surplus, after all statutory deductions are made and is allocated to the Board of Directors and Statutory Committees.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

17. 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.

18. Reserve Fund:

The Reserve Fund, as per Article 22 of the Bye-Laws, may be used in the business of the Society or may be invested in accordance with the Provisions of the Act, all subject to the approval of the Commissioner. Ten percent (10%) of the net surplus for the year is allocated to the Reserve Fund on an annual basis.

19. 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.

20. Development Fund:

This Fund may be used to support new developments in Credit Union business.

21. Investment Re-Measurement Reserve:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Balance as at 1 January	6,360,253	4,113,478
(Depreciation)/appreciation in market value of securities	-	2,246,775
Transfer of net fair value gains on investments reclassified to FVTPL	(6,360,253)	-
	<u>-</u>	<u>6,360,253</u>

In accordance with IAS 39, the Board of Directors created an investment re-measurement reserve which includes the unrealised fair value gains/losses on available-for-sale investments. The Credit Union adopted IFRS 9 as at 1 January 2018 and the net fair value gains were transferred to the Undivided Surplus as the investments were re-measured at Fair Value Through Profit and Loss (FVTPL) under the new standard.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

22. Revaluation Reserve:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Revalued amount	15,700,000	15,700,000
Net Book Value	<u>(6,688,030)</u>	<u>(6,688,030)</u>
Uplift in value	<u>9,011,970</u>	<u>9,011,970</u>

The land and buildings were revalued in December 2014 by Linden Scott & Associates Ltd.

23. Special Reserve Fund:

The Special Reserve Fund may be applied to meet losses sustained through extraordinary circumstances over which the Society had no control, all subject to approval by the Commissioner.

24. Dividends:

The Board of Directors has proposed a dividend of 4% on share balances up to \$750,000 and 2% on share balances above \$750,000 for the year ended 31 December 2018. This is not recorded as a liability in accordance with IAS #10.

25. Rebate:

The Board of Directors has proposed a rebate payment of 11% on all interest paid on loans for the year ended 31 December 2018, with the exception of delinquent loans. Such rebate would be credited to members' Flex-a-Save Account. This is not recorded as a liability in accordance with IAS #10.

26. 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.

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

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 2018.

d) **Members' deposits -**

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

27. **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.

28. **Loan Commitments:**

As at 31 December 2018, there were two (2) loans with a total value of \$504,427 which were approved but not yet disbursed.

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AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

	31 December	
	<u>2018</u>	<u>2017</u>
	<u>(\$)</u>	<u>(\$)</u>
Assets		
Loans to directors and key management personnel and related persons	<u>5,846,952</u>	<u>5,164,458</u>
Deposits and other liabilities		
Deposits held by directors and key management personnel and related persons	614,354	631,002
Shares held by directors and key management personnel and related persons	<u>3,622,453</u>	<u>4,411,258</u>
	<u>4,236,807</u>	<u>5,042,260</u>
Interest and other expenses		
Directors and key management personnel	<u>570,930</u>	<u>368,299</u>
Key management compensation		
Short-term benefits	1,692,878	1,684,514
Post employment benefits	<u>59,916</u>	<u>50,578</u>
	<u>1,752,793</u>	<u>1,735,092</u>

AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

1. Personnel Cost:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Ex-gratia and incentives	181,810	2,000
Gratuity	-	111,804
Salaries	3,100,145	2,886,056
Staff overtime	104,634	14,537
Staff NIS, pension and medical plan	571,903	464,621
Staff training and development	92,349	97,284
Staff uniforms	59,502	15,138
Staff welfare	16,837	13,622
Travelling and subsistence	5,652	9,066
	<u>4,132,832</u>	<u>3,614,128</u>

2. Operational Cost:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Accounting services	187,308	174,240
Advertising	21,124	31,791
Audit fees	125,107	115,140
Cable expenses	5,316	5,312
Computer expenses	139,537	131,398
Courier	216	853
Electricity	58,225	62,255
Equipment repairs and maintenance	118,500	56,165
Internet rental charges	16,405	12,468
Janitorial services	81,429	56,419
Legal and professional fees	998,677	329,990
Miscellaneous	49,244	31,283
Motor vehicle expenses	34,901	43,425
Office refreshments	26,407	24,952
Postage expense	11,083	37,921
Printing, stationery and office supplies	198,842	154,731
Promotions	116,229	103,642
Property maintenance cost	242,798	206,676
Rates and taxes	3,566	1,725
Security services	311,114	83,637
Telephones	91,751	294,812
	<u>2,837,779</u>	<u>1,958,835</u>

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AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. **Financial Cost:**

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Bank charges	23,793	21,079
Linx charges	24,000	22,109
Interest on members' fixed deposits	1,003,087	1,009,727
Foreign exchange loss	39,502	33,198
Loss on disposition of asset	-	29,509
Portfolio management fees	98,059	194,881
Debit card facility charges	<u>82,680</u>	<u>71,350</u>
	<u><u>1,271,121</u></u>	<u><u>1,381,853</u></u>

4. **Administrative Cost:**

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Annual General Meeting	166,818	158,350
Association of Credit Union Presidents	15,000	17,000
Donations	230,234	24,123
Education Fund expense	77,611	60,240
Meetings and conferences	239,373	270,249
Strategic planning session	<u>9,700</u>	<u>11,250</u>
	<u><u>738,736</u></u>	<u><u>541,212</u></u>

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AERO SERVICES CREDIT UNION CO-OPERATIVE SOCIETY LIMITED

SCHEDULES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

5. Risk Management:

	31 December	
	<u>2018</u>	<u>2018</u>
	(\$)	(\$)
CUNA LP and LS coverage	733,486	710,250
Fidelity guarantee	7,122	7,720
Fire insurance	22,550	23,818
Group life insurance	34,636	34,286
Directors' and officers' liability	25,639	23,731
Stabilization Fund	114,112	62,792
Public liability	5,202	4,373
Computer equipment	4,115	4,083
Cash in transit	12,842	12,970
NiQuan 2% Put option	<u>100,000</u>	<u>-</u>
	<u><u>1,059,704</u></u>	<u><u>884,023</u></u>

6. Officers' and Committee Expenses:

	31 December	
	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Board and Committee allowances	228,346	208,166
Board and Committee other expenses	8,269	117,037
Board, Committee and staff Christmas activities	5,130	45,066
Ex-gratia	27,500	34,000
Refreshments	23,716	19,890
Social and cultural committee	159,235	289,839
Honoraria expense	<u>210,633</u>	<u>321,198</u>
	<u><u>662,829</u></u>	<u><u>1,035,196</u></u>

RESOLUTIONS & RECOMMENDATIONS

RESOLUTIONS

AUDITORS

Be it resolved that the firm Pannell Kerr Foster (PKF) be appointed as the External Auditors for the year 2019.

NOMINATION FROM OFF THE FLOOR

Whereas, it is usual practice to nominate members from off the floor to serve on the Board of Directors, the Credit Committee and the Supervisory Committee.

Be it resolved effective June 01, 2019 that the nominating of members from off the floor, will only be accommodated if the statutory requirement for such committee(s) (i.e. Board, Credit, Supervisory) is not met prior to the AGM.

RECOMMENDATIONS

DISTRIBUTION OF SURPLUS

1) Dividends

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

- 1.1 A dividend of four point zero percent (4.0%) on each member's shareholding up to \$750,000 to be disbursed according to the member's request.
- 1.2 A dividend of two percent (2%) on each member's shareholding above \$750,000 to be disbursed according to the member's request.
- 1.3 Eleven percent (11%) interest rebate on each member's loan, such rebate to be credited to member's Flex-A-Save account.

2) Ex Gratia Payment

- 1.1 Be it resolved that the sum of Twenty Thousand Dollars (\$20,000) be allocated to the Education Committee.
- 1.2 Be it resolved that the sum of Five Thousand Dollars (\$5,000) be allocated to the Tobago Committee and another Five Thousand Dollars (\$5,000) be allocated to the YouthLink Committee.

3) Honorarium

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.



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- * View Balances,
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