



INTERIM FINANCIAL REPORT (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

Index

Nine months ended September 30, 2020

	Page
Directors' Interim Report	2-6
Shareholders' Profile as at September 30, 2020	7-8
Financial Statements	
Consolidated Statement of Financial Position	9
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Changes in Equity	11-12
Consolidated Statement of Cash Flows	13
Notes to the Interim Financial Statements	14-15

Directors' Interim Report

Nine Months ended September 30, 2020

On behalf of the Board of Directors, I am pleased to report a successful performance for the nine month period ended September 30, 2020. Despite the severe negative impact of COVID 19 on the Jamaican and Global economy, Community & Workers of Jamaica Co-operative Credit Union was able to deliver substantial growth and profitability for our members. The Credit Union achieved growth in total assets of over 8%; while generating surplus of over \$262M for the nine months.

Impact of COVID-19 on the Jamaican Economy

As Jamaica and the rest of the world continue to grapple with the challenges of the COVID-19 pandemic, particularly the resurgence of infections and the attendant implications for economic activity, the financial services industry continues to evolve rapidly. Our Credit Union is well positioned for success as we build resilience and continue to deliver on our mission of enhancing the well-being of our Members.

Our members in the various sectors including transport, agriculture and tourism have also been negatively impacted. In an effort to ease the burden on the affected members, the Credit Union has been providing moratorium options to help borrowers who are experiencing temporary difficulties with their loan re-payments as a result of the impact of the COVID 19 Pandemic.

The Bank of Jamaica in its recent assessment outlined its expectations in relation to the impact of COVID-19 on the Jamaican economy with a projection for contraction in FY2020/21 in the range of 7– 10 per cent.

This is above its earlier forecast for a contraction in the range of 4 – 7 per cent. This worsened outlook the Bank outlined, is largely associated with the resurgence of the virus in major trading partner countries as well as updated assessments of the impact of the crisis on some sectors of the Jamaican economy. The Bank also stated that between June 2020 and March 2021, it expects weaker performances within Transport, Storage & Communication, Electricity & Water, Construction and Hotels & Restaurants.

Further the Bank is expecting that partial economic recovery will commence in FY2021/22, with GDP growth anticipated in the range of 3.0 – 6.0 per cent.

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

GROUP FINANCIAL PERFORMANCE

Surplus

The Credit Union generated a significant increase of over 32% in net surplus for the nine month period ended September 30, 2020 when compared to the corresponding period in 2019. Surplus generated for the nine months to September 2020 amounted to \$262 Million. This compares to an amount of \$197.17 Million for the corresponding period in 2019. The September 2020 quarter also reported a successful performance. Surplus was 13% above the corresponding quarter for 2019, moving from \$77.3 Million to \$88.9 Million.

The strong performance by C&WJCCUL is as a result of our deliberate strategy and proactive management practices during this time of crisis. This we will continue to pursue as we build a resilient Credit Union.

Interest Income

Interest income recorded significant growth of over 15% for the 9 month period in 2020. The Credit Union earned interest income of \$1.48 Billion for the current period, compared to \$1.285 Billion for the corresponding period in 2019.

This performance was driven mainly by:

- Interest on Loans to members, \$1.382 Billion;
- Interest of Liquid Assets, \$36.95 Million; and
- Interest on Investments, \$62 Million.

Interest Expense

The performance for the nine month period showed a decline when compared to the similar period for the prior year. Interest expenses declined by 5% during the nine months to September 2020, when compared to the corresponding period in 2019. Based on the judicious management of the cost of funds the Credit Union was able to achieve an overall reduction in the total cost of funds, moving from \$268.99 Million in 2019 to \$256.4 Million in 2020.

Non-Interest Income

Non-Interest income showed a significant decline in the 2020 compared to the corresponding period in 2019. This is as a result of the fall-off in fees from lower loan disbursements; decline in Bad Debts recovered; as well as one-off items in the 2019 income category such as the sale of properties which were not repeated in the 2020 financial year. Non-interest income declined from \$343.7 Million in 2019 compared to the \$248 Million earned in 2020.

Operating Expenses

The growth in operating expenses was contained to a 5% increase in 2020 when compared to the corresponding nine month period of 2019. This is a result of deliberate management of expenses during the period. Expenses grew from \$1.094 Billion in 2019 to \$1.145 Billion over the corresponding period in 2020.

During 2020 the Credit Union supported several operational initiatives aimed at improving and digitizing the service delivery to our Members, and ensuring that we build a COVID 19 resilient organization which supports our members; our staff; and other key stakeholders.

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

GROUP FINANCIAL POSITION

Total Assets

The Credit Union entrenched its growth strategy by focusing on member engagement during the period. The skilled execution of the strategy continued to produce encouraging results. Despite COVID 19 the Credit Union experienced growth in all areas of its operations. Total assets grew by 8.9% during the nine months to September 30, 2020, moving from \$17.76 Billion to \$19.34 Billion; an increase of over \$1.58 Billion for the nine months.

C&WJCCUL at the end of June 2020 remained the largest Credit Union in Jamaica based on total assets, with market share of over 14% of the Credit Union movement's assets (based on the Jamaica Co-operative Credit Union League's Financial Performance Report as at June 30, 2020).

Loans to Members

Growth in loans to Members was subdued for the period to September 30, 2020 as a result of the negative impact from the COVID19 Pandemic. The Credit Union achieved an increase of 3% in the portfolio balance, moving from \$12.84 Billion in December 2019 to \$13.24 Billion at September 30, 2020.

Despite the significant decline in personal disposable income in Jamaica, the Credit Union continued to support our members by providing innovative products which are designed to improve their wellbeing.

As at June 30, 2020 C&WJCCUL maintained just over 14% of the market share of the Credit Union movement's loans portfolio (based on the Jamaica Co-operative Credit Union League's Financial Performance Report as at June 30, 2020).

Savings

The support of our members have been unwavering, and for that we are very grateful. The Credit Union's savings portfolio saw strong performance for the period under review, growing by 9.75% for the nine months to September 30, 2020. This represents an increase of \$1.309 Billion, moving from \$13.42 Billion in December 2019 to \$14.73 Billion. This was as a result of organic growth which supports the liquidity position of the Credit Union.

Liquidity

At September 30, 2020 the Credit Union had liquidity of \$3.2 Billion which represented a liquidity ratio of 21%. This was an improved position compared to the 2019 position of \$2.18 Billion which represented a liquidity ratio of 15.5%. The Credit Union's strong liquidity position is a deliberate strategy that was pursued by management to provide an effective buffer for the Credit Union in the event of a crisis.

Capital Adequacy

The Credit Union's financial position is undergirded by a strong capital base. The growth in Capital for the nine month period to September 30, 2020 was \$230M or 7.5% above 2019. This brings the total capital base to \$3.29 Billion as at September 30, 2020, which comfortably satisfies the Capital Adequacy Requirements of our Regulators.

We are very deliberate about growing capital as it provides a good buffer for the protection of our members' savings. We have built a solid foundation with a strong capital and liquidity base and high credit quality in our loan book. Based on this financial strength, we aim to continue our efforts to support our members and our staff; and manage our Credit Union in line with the best interests of all our stakeholders.

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

BOARD GOVERNANCE

The Board supports a robust corporate governance framework and continue to provide oversight to the operations of the Credit Union. As part of its oversight function the Board ensures the diligent and consistent application of the following:

- Monthly Board of Directors' Meetings
- Monthly and or periodic reports from Supervisory Committee; Credit Committee; and Board Appointed Committees, such as the Arrears Management Committee, the Property Committee, the Asset Liability Management Committee (ALCO), the Policy Review Committee, the Information Technology Committee, the Enterprise Risk Management (ERM) Committee and the Education Committee.
- Annual Strategic Planning Retreat
- Specific Training of Board Members
- The Balance Scorecard
- The Whistle Blowing Policy and the Ethics and Corporate Behaviour Committee.

CORPORATE SOCIAL RESPONSIBILITY

C&WJCCUL operates from twenty-one branch offices in nine parishes; in various towns; cities; and communities across Jamaica. We are part of the fabric of those communities, where our members and staff live, work, and raise their families. As a good Corporate Citizen, during the year we continue to provide support to our communities. We specifically focused on education and youth development through our High School Assistance Program (HSAP). This year we invested \$3.8 Million in this program. Every year the Credit Union awards scholarships and bursaries to students in all those communities within which our branches operate. In addition, this year the Credit Union also distributed computers and tablets to support remote learning for our children in these communities.

LOOKING TO THE FUTURE

In the financial year 2020, C&WJCCUL will look to further consolidating our business processes and to build on our gains from 2019. We have prepared the business framework in which we can gain competitive advantage and grow our member base.

While we advance in technology and adapt our business processes to meet the changing member demographics and needs, undergirding our business model is the tradition of Community and Workers of Jamaica Co-operative Credit Union "MEMBER FOCUS".

As we look towards the future, we routinely engage this tradition to build a future of rich member growth and value added. We are fully focused on our member strategy in a fiercely competitive environment. We resolve to keep our existing members by building our member value proposition, while at the same time creating opportunities to engage new members and also build overall value for them.

Notwithstanding, the COVID 19 Pandemic has unleashed the worst recession since World War II. For Jamaica, the near term economic outlook reflects significant challenges and heightened uncertainty. There is no doubt that our Credit Union can be adversely affected by these challenges. The Board and management have recognized the heightened risks associated with this pandemic and are closely monitoring the situation while executing strategies aimed at reducing as much as possible the potentially negative impact on the Credit Union and our stakeholders.

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

On behalf of the Board of Directors, I wish to thank the many individuals and institutions in the Credit Union family with which this Credit Union worked during the year.

Thanks to our CEO, Mr. Carlton Barclay; other managers and staff for their professionalism and concern for the welfare of the Credit Union and the members.

The Board also wishes to thank our members, who continue to faithfully support the Society.

For and on behalf of the Board.

Signed,



Condell Stephenson
President

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

Shareholders' Profile as at September 30, 2020

Ten Largest Shareholders

Ten Largest Shareholders	Number of Shares	Percentage Ownership
JNBS Pension Trustees Nominee Ltd.	50,000,000	11%
Novar Patrick McDonald	25,713,754	6%
COK Co -operative Credit Union Limited	25,000,000	6%
Portland Co-operative Credit Union Limit	25,000,000	6%
JCSD Trustee Services Ltd- MML Growth Fund(JMD)	15,800,000	4%
Ward Thompson	13,600,000	3%
JN Individual Retirement Scheme	12,500,000	3%
Delroy Watson	12,250,000	3%
JPS & Partners Co-operative Credit	10,000,000	2%
Gateway Co-operative Credit Union	10,000,000	2%
Broadcast & Allied Services Co-operative Credit Union	10,000,000	2%
Total	209,863,754	47%

Shareholding of Directors, along with their connected persons

Board of Directors	Deferred Shares	Connected Party
Condell Stephenson	250,000	
Ashlyn Malcolm	250,000	
Paulette Howell	250,000	
James Shauneil	-	
Austin Brown	-	
Christopher Buckmaster	-	
Bornette Donaldson	-	
Pauline Thompson	-	
Winston Green	-	
Michael Dunn	-	
Delroy Foster	-	

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

Shareholders' Profile as at September 30, 2020 (continued)

Shareholding of Management, along with their connected persons


Executive Team	Deferred Shares	Connected Party
Carlton Barclay	-	
	3,964,101	Paula Barclay
Joyce West-Johnson	662,500	
Tracy Henry-Williams	-	
Sacha Vacciana-Riley	250,000	
	296,500	Beverley Vacciana-Been

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**
(A Society Registered Under the Co-operative Societies Act)

Consolidated Statement of Financial Position (Unaudited)
(expressed in Jamaican dollars unless otherwise indicated)

	September 30 2020 \$'000	September 30 2019 \$'000	Audited December 31 2019 \$'000
ASSETS			
EARNING ASSETS			
Loans	13,115,358	12,066,098	12,653,759
Liquid Assets	3,000,078	2,185,593	1,932,162
Financial Investments	1,516,585	1,171,162	1,185,924
Total earning assets	<u>17,632,021</u>	<u>15,422,853</u>	<u>15,771,845</u>
NON-EARNING ASSETS			
Liquid assets	203,861	281,044	245,355
Other assets	153,392	130,424	146,928
Pledged assets	147,749	363,396	363,396
Property, plant and equipment	773,668	803,472	752,912
Intangible assets	398,149	438,669	428,387
Assets held-for-sale	14,687	-	32,000
Right-of-use assets	14,381	17,945	16,911
Total non-earning assets	<u>1,705,887</u>	<u>2,034,950</u>	<u>1,985,889</u>
TOTAL ASSETS	<u>19,337,908</u>	<u>17,457,803</u>	<u>17,757,734</u>
LIABILITIES AND CAPITAL			
INTEREST BEARING LIABILITIES			
Lease liabilities	15,003	18,158	17,145
Voluntary shares	4,319,135	3,950,430	3,987,005
Deferred shares	900,000	901,054	901,054
Saving deposits	10,413,338	9,387,465	9,436,544
Due to other institutions	43,456	42,517	42,517
External credits	427,537	522,796	563,963
Total interest bearing liabilities	<u>16,118,468</u>	<u>14,822,420</u>	<u>14,948,228</u>
NON-INTEREST BEARING LIABILITIES			
Accruals	331,552	195,071	203,272
Payables	170,328	162,322	206,576
Others	325,321	264,032	237,666
Total non-interest bearing liabilities	<u>827,201</u>	<u>621,425</u>	<u>647,514</u>
TOTAL LIABILITIES	<u>16,945,668</u>	<u>15,443,845</u>	<u>15,595,742</u>
CAPITAL			
Permanent shares	276,904	269,699	271,235
Institutional capital	1,761,313	1,445,835	1,760,360
	<u>2,038,218</u>	<u>1,715,534</u>	<u>2,031,595</u>
Non-institutional capital	354,022	298,424	130,397
TOTAL CAPITAL	<u>2,392,239</u>	<u>2,013,958</u>	<u>2,161,992</u>
TOTAL LIABILITIES AND CAPITAL	<u>19,337,908</u>	<u>17,457,803</u>	<u>17,757,734</u>

Approved for issue by the Board of Directors on November 12, 2020 and signed on its behalf by:


Ashlyn Malcolm, Treasurer


Condell Stephenson, President

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

Consolidated Statement of Comprehensive Income (Unaudited)
(expressed in Jamaican dollars unless otherwise indicated)

3 months ended September 30			9 months ended September 30	
2020	2019		2020	2019
\$'000	\$'000		\$'000	\$'000
		INTEREST INCOME		
474,353	419,734	Loans	1,381,944	1,178,093
16,696	12,564	Liquid Assets	36,949	42,345
29,749	29,394	Financial investments	62,021	64,064
<u>520,798</u>	<u>461,692</u>		<u>1,480,915</u>	<u>1,284,502</u>
		INTEREST EXPENSE		
45,360	49,822	Saving deposits	135,314	152,220
2,549	2,321	Members' Shares	7,410	6,270
7,458	16,399	Deferred shares	40,153	48,298
3,118	1,388	Due to other institutions	11,355	2,967
22,359	20,439	Other financial costs	62,155	60,263
<u>80,845</u>	<u>90,369</u>		<u>256,387</u>	<u>270,018</u>
439,953	371,323	NET INTEREST INCOME	1,224,528	1,014,484
(42,677)	(28,870)	Impairment losses on loans	(60,299)	(52,296)
-	-	Impairment losses on other financial assets		-
<u>397,276</u>	<u>342,453</u>	NET INTEREST INCOME AFTER IMPAIRMENT ALLOWANCES	<u>1,164,228</u>	<u>962,188</u>
		NON-INTEREST INCOME		
64,074	88,432	Fees	181,738	229,367
3,797	3,098	Rental Income	11,166	9,597
19,102	19,158	Others	55,129	104,770
<u>86,974</u>	<u>110,688</u>		<u>248,033</u>	<u>343,734</u>
484,250	453,141	GROSS INCOME	1,412,261	1,305,922
(391,411)	(370,939)	OPERATING EXPENSES	(1,145,084)	(1,093,058)
92,840	82,202	NET SURPLUS BEFORE HONORARIA AND OTHER PAYMENTS	267,177	212,864
-	-	Honoraria	-	(8,960)
(317)	(632)	Disaster and Social Outreach	(1,290)	(2,669)
(3,578)	(4,274)	Scholarship Fund	(3,778)	(4,279)
<u>88,945</u>	<u>77,296</u>	NET SURPLUS AFTER HONORARIA AND OTHER PAYMENTS, BEING SURPLUS FOR THE PERIOD	<u>262,108</u>	<u>196,956</u>
		OTHER COMPREHENSIVE INCOME		
		Item that may be reclassified to surplus:		
		Change in fair value of the debt securities at fair value through other comprehensive income	(10,566)	23,815
9,857	15,640		<u>(10,566)</u>	<u>23,815</u>
98,802	92,936	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>251,542</u>	<u>220,771</u>
0.20	0.17	Earnings per Deferred Share	0.58	0.44

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**
(A Society Registered Under the Co-operative Societies Act)

Consolidated Statement of Changes in Equity (Unaudited)
(expressed in Jamaican dollars unless otherwise indicated)

9 months ended September 30, 2020

	INSTITUTIONAL CAPITAL					NON-INSTITUTIONAL CAPITAL						
	Permanent shares \$'000	Statutory & legal reserve \$'000	General reserve \$'000	Business combination reserve \$'000	Retained earnings reserve \$'000	Total \$'000	Loan loss reserves \$'000	Fair value reserve \$'000	Other Non- qualifying reserve \$'000	Undistributed net surplus \$'000	Total \$'000	Grand total \$'000
Balance at January 1, 2020	271,235	1,232,189	12,449	489,534	26,188	1,760,360	15,363	49,411	24,924	40,699	130,397	2,161,992
Total comprehensive income for the year												
Surplus for the year	-	-	-	-	-	-	-	-	-	262,109	262,109	262,109
Other comprehensive income:												
Change in fair value of equity at FVOCI being total other comprehensive income	-	-	-	-	-	-	-	(10,566)	-	-	(10,566)	(10,566)
Total comprehensive income for the year	-	-	-	-	-	-	-	(10,566)	-	262,109	251,543	251,543
Transactions with members and movements in reserves												
Entrance fees	-	953	-	-	-	953	-	-	-	-	-	953
Shares amount subscribed	5,699	-	-	-	-	-	-	-	-	-	-	5,699
Appropriation of net surplus for 2020:												
Dividends on membership qualification shares	-	-	-	-	-	-	-	-	-	(21,699)	(21,699)	(21,699)
Transfer to loan loss reserve	-	-	-	-	-	-	85,786	-	-	(85,786)	-	-
Share transfer fund	-	-	-	-	-	-	-	-	2,787	-	2,787	2,787
Disaster and social outreach fund	-	-	-	-	-	-	-	-	3,710	(3,710)	-	-
Scholarship fund	-	-	-	-	-	-	-	-	1,222	(1,222)	-	-
Honorarium	-	-	-	-	-	-	-	-	-	(9,006)	(9,006)	(9,006)
Total transactions with members and movements in reserves	5,669	953	-	-	-	953	85,786	-	7,719	(121,423)	(27,918)	(21,296)
Balances at September 30, 2020	276,904	1,233,142	12,449	489,534	26,188	1,761,313	101,149	38,845	32,643	181,385	354,022	2,392,239

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

Consolidated Statement of Changes in Equity (Unaudited) (Continued)
(expressed in Jamaican dollars unless otherwise indicated)

9 months ended September 30, 2019

	INSTITUTIONAL CAPITAL					NON-INSTITUTIONAL CAPITAL					Grand total \$'000	
	Permanent shares \$'000	Statutory & legal reserve \$'000	General reserve \$'000	Business combination reserve \$'000	Retained earnings reserve \$'000	Total \$'000	Loan loss reserves \$'000	Fair value reserve \$'000	Other Non-qualifying reserve \$'000	Undistributed net surplus \$'000		Total \$'000
Balance at 1 January 2019	<u>260,795</u>	<u>916,400</u>	<u>12,449</u>	<u>489,534</u>	<u>26,188</u>	<u>1,444,571</u>	<u>15,363</u>	<u>21,114</u>	<u>23,302</u>	<u>34,725</u>	<u>94,504</u>	<u>1,799,870</u>
Total comprehensive income for the year												
Surplus for the year	-	-	-	-	-	-	-	-	-	196,956	196,956	196,596
Other comprehensive income:												
Change in fair value of equity at FVOCI being total other comprehensive income	-	-	-	-	-	-	-	23,815	-	-	23,815	23,815
Total comprehensive income for the year	-	-	-	-	-	-	-	23,815	-	196,956	220,771	220,771
Transactions with members and movements in reserves												
Entrance fees	-	1,264	-	-	-	1,264	-	-	-	-	-	1,264
Shares amount subscribed	8,904	-	-	-	-	-	-	-	-	-	-	8,904
Appropriation of net surplus for 2019:												
Dividends on membership qualification shares	-	-	-	-	-	-	-	-	-	(15,765)	(15,765)	(15,765)
Transfer to loan loss reserve	-	-	-	-	-	-	28,203	-	-	(28,203)	-	-
Leslie Mills Trust fund	-	-	-	-	-	-	-	-	5	-	5	5
Disaster and social outreach fund	-	-	-	-	-	-	-	-	2,331	(2,331)	-	-
Transfer to share transfer fund, net	-	-	-	-	-	-	-	-	(326)	-	(326)	(326)
Scholarship fund	-	-	-	-	-	-	-	-	(44)	(721)	(765)	(765)
Total transactions with members and movements in reserves	<u>8,904</u>	<u>1,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,264</u>	<u>28,203</u>	<u>-</u>	<u>1,966</u>	<u>(47,020)</u>	<u>16,851</u>	<u>(6,683)</u>
Balances at September 30, 2019	<u>269,699</u>	<u>917,664</u>	<u>12,449</u>	<u>489,534</u>	<u>26,188</u>	<u>1,445,835</u>	<u>43,566</u>	<u>44,929</u>	<u>25,268</u>	<u>184,661</u>	<u>298,424</u>	<u>2,013,958</u>

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

Consolidated Statement of Cash Flow (Unaudited)
(expressed in Jamaican dollars unless otherwise indicated)

	9 months ended September 30	
	2020	2019
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the period	262,109	196,956
Adjustments for:		
Depreciation- property, plant and equipment	33,949	28,597
Depreciation - right-of-use assets	2,530	2,818
Amortisation and impairment	30,238	31,495
Loss on disposal of property, plant and equipment	-	96
Impairment losses on loans	60,299	52,296
Interest income	(1,480,914)	(1,284,502)
Interest expense	255,524	268,988
Interest expense on lease liability	<u>863</u>	<u>1,030</u>
	(835,402)	(702,266)
Changes in operating assets and liabilities		
Loans to members	(421,328)	(1,453,095)
Saving deposits	976,794	158,469
Voluntary shares & deferred shares	331,076	656,453
Other assets	3,498	(38,230)
Pledged assets	215,647	(363,396)
Accruals	101,211	32,110
Payables	(36,248)	(76,058)
Other non-interest-bearing liabilities	87,655	61,612
Due to other institutions	939	(5,377)
External credit	<u>(136,426)</u>	<u>371,843</u>
	287,416	(1,357,895)
Interest received	1,370,382	1,287,077
Interest paid	<u>(34,675)</u>	<u>(263,509)</u>
Net cash provided / (used) by operating activities	<u>1,423,123</u>	<u>(334,327)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Financial investments	(341,227)	573,893
Purchase of property, plant and equipment	(54,705)	(24,212)
Proceed on disposal of assets held for sale	<u>17,313</u>	<u>-</u>
Net cash (used)/ provided by investing activities	<u>(378,619)</u>	<u>549,681</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Permanent shares	5,669	8,904
Entrance fees	953	1,264
Dividends on membership shares	(21,699)	(15,765)
Lease payment	<u>(3,005)</u>	<u>(3,635)</u>
Net cash used by financing activities	<u>(18,082)</u>	<u>(9,232)</u>
Increase in cash and cash equivalents	1,026,422	206,122
Cash equivalents at beginning of year	<u>2,177,517</u>	<u>2,260,515</u>
Cash equivalents at end of period	<u>3,203,939</u>	<u>2,466,637</u>
Comprised of:		
Liquid Assets: Earning	3,000,078	2,185,593
Liquid Assets: Non-earning	<u>203,861</u>	<u>281,044</u>
	<u>3,203,939</u>	<u>2,466,637</u>

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

**Notes to the September 30, 2020 Interim Financial Statements
(expressed in Jamaican dollars unless otherwise indicated)**

1. Identification

Community and Workers of Jamaica Co-operative Credit Union Limited (C&WJCCUL) (“Co-operative”) is incorporated under the laws of Jamaica and is registered under the Co-operative Societies Act (“Act”) and has its registered office at 51 Half Way Tree Road, Kingston 10.

On August 1, 2019, C&WJCU Holdings Limited was formed with initial ownership of 100% by Community & Workers of Jamaica Co-operative Credit Union Limited. The principal activity of C&WJCU Holdings Limited is the holding of loan portfolios from non-members of the credit union. The company is incorporated in Jamaica. The company started trading in January 2020.

The Co-operative’s subsidiary, which together with the Co-operative are referred to as “the group”.

Membership in the Co-operative is limited to:

(A) All registered societies and:

- (i) Employees and ex-employees of Cable and Wireless and its successor and predecessor Companies.
- (ii) Any person engaged in the provision of telecommunication services in Jamaica including regulators and contractors or sub-contractors of Cable & Wireless Jamaica Limited or its successor and predecessor companies.
- (iii) Employees and ex-employees of corporate subscribers to telecommunication service in Jamaica.
- (iv) Persons living and working in the parish of Clarendon.
- (v) Persons working in Marine and Allied Industries in Jamaica.
- (vi) Employees of member.
- (vii) Minors, whether or not they are wards or children or grandchildren of members.
- (viii) Persons working, living or who were born in the parish of Westmoreland.
- (ix) Relatives and spouses of members. Relatives are specified as father, mother, son, daughter, grandchildren, brother, sister, aunt, uncle, niece and nephew.

(B) Members and persons eligible to be members of the credit unions that merged with this society [Marine and Allied Industries Co-operative Credit Union, Clarendon Co-operative Credit Union, Westmoreland Co-operative Credit Union, ICD & Associates Co-operative Credit Union, National Water commission Co-operative Credit Union, Desnoes and Geddes Employees Co-operative Credit Union Limited, St. Elizabeth Co-operative Credit Union Limited (STECCUL)].

PROVIDED THAT any person admitted to membership has attained the age of sixteen (16) years.

**COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)**

(A Society Registered Under the Co-operative Societies Act)

**Notes to the September 30, 2020 Interim Financial Statements
(expressed in Jamaican dollars unless otherwise indicated)**

1. Identification (continued)

The Co-operative's main activities are:

- (i) The promotion of thrift;
- (ii) The provision of loans to members exclusively for provident and productive purposes; and
- (iii) To receive the saving of its members either as payments on share or as deposits.

The Co-operative Societies Act requires amongst other provisions, that at least 20% of the net surplus of the Co-operative be transferred to a statutory reserve fund.

The Co-operative is exempt from Income Tax under section 59(1) of the Co-operative Societies Act and section 12 of the Income Tax Act.

2. Statement of compliance and basis of preparation

(a) Basis of preparation

The Group's condensed consolidated interim financial statements for the quarter ended September 30, 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS). The condensed consolidated interim financial statements should be read in conjunction with the accounting policies as set out in the annual financial statements for the year ended December 31, 2019.

(b) Basis of consolidation

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

The consolidated financial statements present the results of operations and financial position of the Group and its subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. The subsidiary's accounting policies are consistent with the policies adopted by the Group.