

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

First Quarter Ended March 31, 2023

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

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

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March 31, 2023

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Directors' Interim Report

For the First Quarter Ended March 31, 2023

On behalf of the Board of Directors of the Community & Workers of Jamaica Co-operative Credit Union Limited, I am pleased to present the Unaudited Consolidated Financial Statements for the period ended March 31, 2023.

The Bank of Jamaica through its Monetary Policy Committee (MPC) meetings held on the 27th and 28th of March 2023 issued the following statements in regard to its monetary policy direction. In order to continue underpinning inflation returning to the target range, and to underwrite continued stability in the foreign exchange market, the MPC unanimously agreed to hold the policy interest rate at 7.00 per cent, to maintain tight Jamaican dollar liquidity in the money market and to continue fostering relative stability in the foreign exchange market.

- a) Jamaica inflation rate at February 2023 of 7.8 per cent was below the 8.1% per cent recorded in January 2023. The February outturn was the lowest since December 2021.
- b) Inflation expectations continued to fall further as monetary policy remains tight and is projected to meet the Bank's 4.0 to 6.0 per cent by the December 2023 quarter.
- c) Interest rates in the domestic money and capital markets as well as term rates offered by the deposit-taking institutions (DTI's) have generally increased in line with the policy rate. However, the DTI sector has so far made only marginal adjustments to saving deposits and lending rates.

Despite these challenging economic conditions, the Credit Union continued to experience growth during the first quarter of 2023, both in terms of total assets as well as membership. The Credit Union's capital adequacy, liquidity and asset quality ratios remain strong as we continue to emphasize efficiency in order to improve the organisation's' performance month over month.

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

Financial Results for the three-months ended March 31, 2023

GROUP FINANCIAL PERFORMANCE – FIRST QUARTER PERFORMANCE

Surplus

Despite the challenges from the economic climate the Credit Union achieved a net surplus of \$30.28M for the quarter ending March 31, 2023, compared to \$24.69M in the corresponding quarter in 2022. The \$5.6M increase in surplus was due primarily to the increase in net interest income and non-interest income.

Interest Income

The Credit Union earned interest income of \$591.09M for the quarter ended March 31, 2023, compared to \$506.56M for the corresponding period in 2022, with investment income representing 74% of the increase. This was primarily due to the Credit Union benefiting from the gains made on the investment portfolio.

Interest Expense

Total interest expense for the quarter ending March 31, 2023, was \$106.92M, compared to \$82.95M for the first quarter of 2022. This represents an increase of \$23.98M or 28.9% over the first quarter of 2022. The major contributing factor was the significant increase in Treasury Bill rates, which resulted in a similar increase in the interest rate on the Deferred Shares.

Non-Interest Income

Non-interest income was \$92.33M for the quarter ending March 31, 2023, which was \$5.06M or 5.8% more than that reported for the same period in 2022. Fee income was the major contributing factor to this increase.

Operating Expenses

Operating expenses for the quarter ending March 31, 2023, amounted to \$480.33M, an increase of \$63.88M when compared to the corresponding period in 2022. Staff cost was the major contributing factor and was in line with the Credit Union's projections.

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

Financial Results for the three-months ended March 31, 2023

GROUP FINANCIAL POSITION

Total Assets

The Credit Union's total assets grew by 6.72% or \$1.46B for the three-month period, moving from \$21.67B as at March 31, 2022, to \$23.18B as at March 31, 2023. Liquid assets and financial investments increased by \$748M for the twelve-month period. The increase in total assets was funded primarily by the savings of our members.

Loans

The uncertainty that exists within the economy continues to be reflected in our members' relatively lower than anticipated demand for loans. This resulted in an increase of 5% in the loan portfolio, closing the quarter with a loan balance of \$13.37B, compared to \$12.69B as at March 31, 2022. Management has been pursuing several initiatives to improve the performance of the loan portfolio while preserving the credit quality. The non-performing loan portfolio was maintained well within the regulatory guidelines.

Savings

The Credit Union's savings portfolio grew by 7% over the twelve-month period ended March 31, 2023. This represents an increase of \$1.33B for the twelve-month period, moving from \$17.04B as at March 31, 2022, to \$18.37B as at March 31, 2023.

Liquidity

As at March 31, 2023, the Credit Union had a strong liquidity position of \$4.53B, which represented a liquidity ratio of 19.56%. This was \$401M more than that reported at March 31, 2022. The Credit Union's strong liquidity position is a deliberate strategy that is being pursued by management to provide an effective buffer for the Credit Union in order to mitigate any unforeseen events.

Capital Adequacy

The Credit Union's financial position is supported by a strong capital base. The total capital base was \$2.78B as at March 31, 2023, which is higher than the capital adequacy requirements of our regulators. Our institutional capital ratio was 11.98% as at March 31, 2023, which was in compliance with the minimum requirement of 8%.

COMMUNITY & WORKERS OF JAMAICA CO-OPERATIVE
CREDIT UNION LIMITED (C&WJCCUL)
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Financial Results for the three-months ended March 31, 2023

OUTLOOK

The Global Economic Outlook as reported by the World Bank is that global growth is projected to slow to its third-weakest pace in nearly three decades, overshadowed only by the 2009 and 2020 global recessions. Investment growth in emerging market and developing economies is predicted to remain below its average rate of the past two decades. “Further adverse shocks could push the global economy into yet another recession”. The following are some indicators highlighted by the World Bank:

- a) Growth in GDP declined by 1.3 percentage points below previous forecasts which reflected synchronous policy tightening aimed at containing very high inflation, worsened financial conditions, as well as continued disruptions from Russia’s invasions of Ukraine.
- b) The United States, the euro area and China are all undergoing a period of pronounced weakness, and the resulting spill overs are exacerbating other headwinds faced by emerging market and developing economies (EMDEs).
- c) Tighter monetary policies from central banks around the world may have been necessary to tame inflation, but they have “contributed to a significant worsening of global financial conditions, which is exerting substantial drag activity”
- d) Investment growth in EMDEs is expected to remain below its average rate of the past two decades through the medium term. This subdued outlook follows a geographically widespread investment growth slowdown in the decade before the COVID-19 pandemic.

As the financial industry faces more challenges than ever, the Credit Union assures its members of its commitment to ensuring the safety of members’ funds. C&WJCCUL remains committed to a sustainable future and to improving the environmental, social, and governance policies and practices in our Credit Union. Our corporate social outreach program continues to support our youths at the secondary and tertiary levels throughout Jamaica.

The Credit Union looks forward to continue fulfilling its mission to enhance the wellbeing of our members. The leadership team will continue to manage the various risks which the business encounters as a result of this difficult economic environment, and will respond responsibly to the respective challenges. C&WJCCUL remains optimistic that with the changes in interest rate and inflation, the offerings will remain attractive to the members. In this regard, the Board and management have ensured that all the pillars of growth are in place for the Credit Union to operate successfully within the new paradigm.

On behalf of the Board of Directors, I wish to thank the many individuals and institutions in the Credit Union movement with which we worked during the period. We thank the management and staff for their professionalism and concern for the welfare of the Credit Union and the members. Specifically, the Board wishes to thank our members, who continue to faithfully support the institution.

For and on behalf of the Board.

Signed,



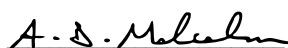
Austin Brown


President
**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 as at March 31, 2023
(expressed in Jamaican Dollars unless otherwise indicated)*

	Unaudited Quarter Ended March 31, 2023 \$'000	Unaudited Quarter Ended March 31, 2022 \$'000	Audited December 31, 2022 \$'000
ASSETS			
EARNING ASSETS			
Cash and cash equivalents	584,443	656,453	572,451
Deposit	2,084,381	1,351,767	2,957,907
Resale agreement	1,267,046	2,417,646	1,218,431
Liquid asset	3,935,870	4,425,867	4,748,789
Loans to members	13,369,168	12,688,565	13,085,010
Financial investments	4,114,682	2,876,612	3,067,058
Total Earning Assets	21,419,720	19,991,044	20,900,858
NON-EARNING ASSETS			
Liquid assets	333,926	207,712	306,134
Other assets	262,203	299,324	332,411
Property, plant and equipment	823,323	830,836	823,024
Intangible assets	331,398	334,517	336,570
Right-of-use assets	4,993	8,705	6,001
Total Non earning assets	1,755,842	1,681,095	1,804,139
TOTAL ASSETS	23,175,562	21,672,138	22,704,997
LIABILITIES AND CAPITAL			
INTEREST BEARING LIABILITIES			
Lease liabilities	5,828	9,675	6,738
Voluntary shares	4,984,799	4,689,639	4,874,044
Deferred shares	865,444	869,749	865,444
Saving deposits	13,389,286	12,353,055	13,061,240
Due to other institutions	36,136	36,136	36,136
External credits	105,630	206,205	112,691
Total interest bearing liabilities	19,387,122	18,164,458	18,956,293
NON-INTEREST BEARING LIABILITIES			
Accruals	245,231	216,116	198,993
Payables	184,486	105,292	224,440
Others	325,639	339,627	324,302
Total non-interest bearing liabilities	755,357	661,036	747,735
TOTAL LIABILITIES	20,142,479	18,825,493	19,704,028
CAPITAL			
Permanent shares	300,001	290,484	297,513
Institutional capital	2,477,327	2,274,440	2,476,562
	2,777,328	2,564,924	2,774,075
Non-institutional capital	255,754	281,721	226,894
TOTAL CAPITAL	3,033,082	2,846,645	3,000,969
TOTAL LIABILITIES AND CAPITAL	23,175,562	21,672,138	22,704,997

Approved for issue by the Board of Directors on May 15, 2023 and signed on its behalf by:


Ashlyn Malcolm, Treasurer


Austin Brown, 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 for the three months ended March 31, 2023
(expressed in Jamaican Dollars unless otherwise indicated)

	Unaudited three months ending March 31, 2023	Unaudited three months ending March 31, 2022	Audited December 31, 2022
	\$'000	\$'000	\$'000
INTEREST INCOME			
Loans to members	465,560	445,888	1,829,132
Liquid assets	72,447	30,336	250,167
Financial investments	53,078	30,333	141,324
	<u>591,085</u>	<u>506,558</u>	<u>2,220,623</u>
INTEREST EXPENSE			
Saving deposits	58,749	51,629	225,147
Members' shares	1,726	1,640	6,791
Deferred shares	21,351	7,025	57,463
Due to other institutions	133	795	1,296
Other financial costs	24,963	21,858	105,032
	<u>106,922</u>	<u>82,947</u>	<u>395,729</u>
NET INTEREST INCOME	<u>484,162</u>	<u>423,610</u>	<u>1,824,895</u>
Net Income from financial instruments FVTPL	958	(10,809)	6,181
	<u>485,120</u>	<u>412,801</u>	<u>1,831,076</u>
(increase)/decrease in provision for impairment			
Decrease in provision for impairment losses on investments	(2,552)	(5,531)	(1,028)
Increase in provision for impairment losses on loans	(64,051)	(53,370)	(224,050)
NET INTEREST INCOME after provision for impairment losses on loans	<u>418,517</u>	<u>353,900</u>	<u>1,605,998</u>
NON-INTEREST INCOME			
Fees	68,648	62,295	201,845
Rental income	4,049	3,921	16,971
Others	19,628	21,047	98,007
	<u>92,325</u>	<u>87,263</u>	<u>316,823</u>
	<u>510,842</u>	<u>441,162</u>	<u>1,922,821</u>
Operating expenses	<u>(480,328)</u>	<u>(416,450)</u>	<u>(1,604,222)</u>
SURPLUS BEFORE HONORARIA AND OTHER PAYMENTS	<u>30,514</u>	<u>24,713</u>	<u>318,599</u>
Honoraria			(10,764)
Disaster and social outreach	(232)	(127)	(1,670)
Scholarship fund	-	100	(6,473)
SURPLUS AFTER HONORARIA AND OTHER PAYMENTS	<u>30,283</u>	<u>24,686</u>	<u>299,692</u>
Change in fair value of investment securities at fair value through other comprehensive income			
TOTAL COMPREHNSIVE INCOME FOR THE YEAR	<u>30,283</u>	<u>24,686</u>	<u>299,692</u>

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

Unaudited Consolidated Statement of Changes in Equity for the three months ended March 31, 2023
(expressed in Jamaican Dollars unless otherwise indicated)

Quarter ended March 31, 2023

	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, 2023	297,512	1,948,391	12,449	489,534	26,188	2,247,656	122,313	28,132	38,136	38,312	226,893	3,000,967
Total comprehensive income for the year												
Surplus for the year	-	-	-	-	-	-	-	-	-	30,283	30,283	30,283
Other comprehensive income:												
Change in fair value of equity at FVOCI being total other comprehensive income	-	-	-	-	-	-	-	(1,449)	-	-	(1,449)	(1,449)
Total comprehensive income for the year	-	-	-	-	-	-	-	(1,449)	-	30,283	28,834	28,834
Transactions with members and movements in reserves												
Entrance fees	-	765	-	-	-	765	-	-	-	-	-	765
Shares amount subscribed	2,488	-	-	-	-	-	-	-	-	-	-	2,488
Appropriation of net surplus for 2022:												
Dividends on membership qualification shares	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to loan loss reserve	-	-	-	-	-	-	-	-	-	-	-	-
Leslie Mills Trust Fund	-	-	-	-	-	-	-	-	28	-	28	28
Share transfer fund	-	-	-	-	-	-	-	-	-	-	-	-
Disaster and social outreach fund	-	-	-	-	-	-	-	-	(232)	232	-	-
Scholarship fund	-	-	-	-	-	-	-	-	-	-	-	-
Honorarium	-	-	-	-	-	-	-	-	-	-	-	-
Total transactions with members and movements in reserves	2,488	2,579	-	-	-	765	-	-	(204)	232	27	3,281
Balances at March 31, 2023	300,000	1,949,156	12,449	489,534	26,188	2,477,327	122,313	26,683	37,932	68,827	255,755	3,033,082

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

Unaudited Consolidated Statement of Changes in Equity for the three months ended March 31, 2023
(expressed in Jamaican Dollars unless otherwise indicated)

Quarter ended March 31, 2022

	<u>INSTITUTIONAL CAPITAL</u>					<u>Total</u>	<u>NON-INSTITUTIONAL CAPITAL</u>					<u>Grand total</u>
	<u>Permanent shares</u>	<u>Statutory & legal reserve</u>	<u>General reserve</u>	<u>Business combination reserve</u>	<u>Retained earnings reserve</u>		<u>Loan loss reserves</u>	<u>Fair value reserve</u>	<u>Other Non-qualifying reserve</u>	<u>Undistributed net surplus</u>	<u>Total</u>	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at January 1, 2022	<u>287,609</u>	<u>1,745,547</u>	<u>12,449</u>	<u>489,534</u>	<u>26,188</u>	<u>2,273,718</u>	<u>122,313</u>	<u>35,677</u>	<u>35,078</u>	<u>60,186</u>	<u>253,254</u>	<u>2,814,581</u>
Total comprehensive income for the year												
Surplus for the year	-	-	-	-	-	-	-	-	582	24,686	25,268	25,268
Other comprehensive income:												
Change in fair value of equity at FVOCI												
being total other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,199</u>	<u>-</u>	<u>-</u>	<u>3,199</u>	<u>3,199</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,199</u>	<u>582</u>	<u>24,686</u>	<u>28,467</u>	<u>28,467</u>
Transactions with members and movements in reserves												
Entrance fees	-	722	-	-	-	722	-	-	-	-	-	722
Shares amount subscribed	2,875	-	-	-	-	-	-	-	-	-	-	2,875
Appropriation of net surplus for 2022:												
Dividends on membership qualification shares	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to loan loss reserve	-	-	-	-	-	-	-	-	-	-	-	-
Leslie Mills Trust Fund	-	-	-	-	-	-	-	-	-	-	-	-
Share transfer fund	-	-	-	-	-	-	-	-	-	-	-	-
Disaster and social outreach fund	-	-	-	-	-	-	-	-	(126)	126	-	-
Scholarship fund	-	-	-	-	-	-	-	-	100	(100)	-	-
Honorarium	-	-	-	-	-	-	-	-	-	-	-	-
Total transactions with members and movements in reserves	<u>2,875</u>	<u>722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>722</u>	<u>-</u>	<u>-</u>	<u>(26)</u>	<u>26</u>	<u>-</u>	<u>3,597</u>
Balances at March 31, 2022	<u>290,484</u>	<u>1,746,269</u>	<u>12,449</u>	<u>489,534</u>	<u>26,188</u>	<u>2,274,440</u>	<u>122,313</u>	<u>38,876</u>	<u>35,634</u>	<u>84,898</u>	<u>281,721</u>	<u>2,846,645</u>

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

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

**Unaudited Consolidated Statement of Cash Flows for the three months ended March 31, 2023
(expressed in Jamaican Dollars unless otherwise indicated)**

	Unaudited Three Months Ended March 31, 2023 \$'000	Audited Year Ended December 31, 2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	30,283	299,692
Adjustments for:		
Depreciation - property, plant and equipment	13,084	52,100
Depreciation - right-of-use assets	1,008	3,614
Amortisation and impairment	10,593	39,072
Impairment losses on loans	64,051	224,050
Impairment lossess on investments	2,552	1,028
Interest income	(591,085)	(2,220,623)
Interest expense	106,708	395,107
Interest expense on lease liability	215	622
	<u>(362,591)</u>	<u>(1,205,338)</u>
Changes in operating assets and liabilities		
Loans to members	(368,433)	(410,025)
Saving deposits	328,046	1,119,853
Voluntary shares & deferred shares	110,755	213,797
Other assets	76,945	(73,491)
Other non-interest-bearing liabilities	838	35,720
	<u>(214,440)</u>	<u>(319,484)</u>
Interest received	604,830	2,131,593
Interest paid	(100,395)	(401,726)
Net cash provided by operating activities	<u>289,995</u>	<u>1,410,383</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Financial investments	(1,058,824)	(231,036)
Proceeds from Financial investments	6,012	55,000
Additions to Resale Agreement	(201,181)	(1,976,063)
Proceeds from Resale Agreement	153,781	1,889,441
Addition to Deposit	(79,382)	(2,104,135)
Proceeds from Deposit	952,908	237,589
Proceeds from (purchase of) Money market funds	-	1,400,155
Purchase of property, plant and equipment	(18,805)	(68,025)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan repayment	(7,061)	(142,233)
Permanent shares	2,488	9,903
Entrance fees	765	2,579
Dividends on membership shares	-	(14,380)
Lease payment	(910)	(3,882)
Net cash used by financing activities	<u>(4,719)</u>	<u>(148,013)</u>
Increase/(decrease) in cash and cash equivalents	39,785	465,296
Cash equivalents at beginning of year	<u>878,585</u>	<u>413,290</u>
Cash equivalents at end of year	<u>918,369</u>	<u>878,586</u>
Comprised of:		
Liquid Assets: Earning	584,443	572,452
Liquid Assets: Non-earning	333,926	306,134
	<u>918,369</u>	<u>878,586</u>

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

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

Notes to the Financial Statements for the three-months ended March 31, 2023 (Unaudited)
(expressed in Jamaican Dollars unless otherwise indicated)

1. Identification

Community & 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 & Wireless Jamaica Limited 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 members.
- (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 Financial Statements for the three-months ended March 31, 2023 (Unaudited)
(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 three months ended March 31, 2023 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 Audited Financial Statements for the year ended December 31, 2022.

(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.