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Notice of 78th Annual General Meeting

NOTICE is hereby given that the Seventy-Eighth Annual General Meeting of The Jamaica Civil Service Mutual Thrift Society Limited will be held on Thursday, June 28, 2018 commencing at 3:30 p.m. at GIRL GUIDES ASSOCIATION OF JAMAICA, 2 Waterloo Road, Kingston 10 for the following purposes:

1. To confirm the Minutes of the Seventy-Seventh Annual General Meeting
2. To consider the Reports of the Committee of Management, the Auditor and the Financial Statements for the year ended November 30, 2017
3. To elect 2nd Vice Chairman
4. To elect Members of the Committee of Management
5. To appoint Auditor
6. To transact any other business of an Ordinary General Meeting

AND TAKE NOTICE that no person other than the 2nd Vice-Chairman and the retiring Members of the Committee of Management shall be eligible for election unless he shall be duly nominated to fill the vacancies and the nominations in writing signed by the proposer and seconder and stating that the consent of the person nominated has been obtained are sent to the registered office of the Society and received twenty-one (21) clear days before the date of the Annual General Meeting.

AND FURTHER TAKE NOTICE that the names of the retiring Officer of the Society and the retiring Members of the Committee of Management are:

2nd Vice-Chairman	- Leslie Campbell
Committee Members	- Beverly Clarke Lelieth Barrett-Hamilton Fred Manderson

The above-mentioned Officers and Committee Members are eligible for election without nomination.
BY ORDER OF THE COMMITTEE OF MANAGEMENT

Hibbert Anderson
SECRETARY / MANAGER
May 21, 2018

Meeting Agenda

- Meeting Call to Order
- Prayers
Leslie Campbell, *Committee Member*
- Reading of Notice Convening the 78th AGM
Hibbert Anderson, *Secretary / Manager*
- Introductions / Apologies / Remembering Members Who Have Passed On
Mrs Marva Ximinnies, *1st Vice-Chairman*
- Chairman's Welcome
Errol Miller, *Chairman*
- Reading / Adoption of Minutes of 77th AGM
- Performance 2017: The Report of the Committee of Management
Chairman Miller
- Auditor's Statement
Yvonne Davis, *Chartered Accountant*
- Presentation of the Financial Statements
- Declaration of Dividend
- Election of Officers and Members of the Committee of Management
- Appointment of Auditor
- Any Other Business
- Adjournment



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 /JamaicaCivilServiceMutualThriftSocietyLtd

Members of the Committee of Management

Since its inception almost 8 decades ago, the Jamaica Civil Service Mutual Thrift Society Limited has had the good fortune of being led by a cadre of talented and dedicated Public Service professionals who give of their time, talent and energies in successfully steering the operations and guiding the growth and development of the Society.

The Committee of Management, headed by a Chairman, elected biennially at the Annual General Meeting is charged with providing overall policy direction and guidance of the affairs of the Society. Those serving on the Committee of Management as at November 30, 2017 are:



Seated L-R: Fred Manderson, Marva Pringle-Ximinnies (1st Vice Chairman), Errol Miller (Chairman), Hugh Martin (2nd Vice Chairman) and Marguerite Clare

Standing L-R: Gennetta Smikle, Cebert Mitchell, Icolyn Coulbourne and Gary Mowatt

Inserts: Lelieth Barrett-Hamilton, Leslie Campbell and Georgia Mogg

The Management Team



Hibbert Anderson
Secretary / Manager



Rhon-Kaniel Bramwell
Systems Administrator



Sharon Lindo
Loans Manager



Ewart Baker
Accountant



Trevene Morgage
Assistant Secretary,
Administration



Leslean Bramwell-Benjamin
Internal Auditor



Department Staff



Loans: Manager Sharon Lindo (seated) with officers (l-r) Patrice Robinson, Venesha Reid and Kenisha Shaw



Member Services: Secretary / Manager Hibbert Anderson (seated) with (l-r) Jermaine Matheson, Stephane Bernard, Tashana Walters and Ronaldo Grant



Canteen: (l-r) Rocquel Samuels and Yvette Lindo

Bearer and Security: (l-r) Leroy Richards and Michael Thomas





Data: Supervisor Michelle Hillman (seated) along with (l-r) Khamisa Flynn, Sade Solomon, Kemario Willaims, Crystal Nanco, Shana Thompson



Accounts: Manager Ewart Baker (seated) with (l-r) Wendell Dillon, Simone Dacres, Shelly-Ann Blake, Kenesha Smalling (Asst. Accountant) and Dwayne Shae
Missing: Chadwick Ricketts



Administration: Asst. Secretary, Administration Trevene Morgage (seated) with standing (l-r) Elva Lawrence, Erica Dussard, Kamuna Dunbar, Tameka Hunter



Minutes from the 77th Annual General Meeting

The 77th Annual General Meeting of the Jamaica Civil Service Mutual Thrift Society Limited was held on Thursday, June 22, 2017 at the Girls Guides Association of Jamaica, 2 Waterloo Road, Kingston 10.



Having recognized a quorum, the Chairman, Mr. Errol Miller called the meeting to order at 3:45 p.m. At the Chairman's invitation, Mr. Junior Dunn, Senior Member, led the meeting in prayers. Mr. Hibbert Anderson, Secretary / Manager then read the Notice convening the meeting.

Introduction / Apologies / Remembering Members Who Have Passed On

Mrs. Marva Ximinnies, 1st Vice Chairman accepted the invitation of the Chairman to introduce the guests and to remember those who had passed. She mentioned apologies for absence tendered on behalf of Mr. Leslie Campbell, Member of the Committee of Management and Mr. Wayne Jones, Chairman of the JCSA Limited.

She introduced the persons at the head table and recognized other Members of the Committee of Man-

agement present - Chairman, Mr. Errol Miller, 2nd Vice Chairman, Mr. Hugh Martin, Members of the Committee of Management Mr. Cebert Mitchell, Mrs. Lelieth Barrett-Hamilton, Miss Georgia Mogg, Mrs. Gennetta Smikle, Miss Icolyn Coulbourne, Mr. Fred Manderson, Mrs. Cecile Clare and Mr. Gary Mowatt.

Special welcome was extended to Officers of the Jamaica Civil Service Association - President, Mr. O'Neil Grant, 1st Vice President, Mr. Robert Chung, 2nd Vice President, Miss Gillian Corrodus, and 3rd Vice President, Miss Sharon Anderson and to Members of the General Council of the Jamaica Civil Service Association.

Welcome was also extended to specially invited guests and to representatives from Cuna Caribbean Insurance Jamaica who would be making a presentation to the meeting.

Obituary

Mrs. Pringle-Ximinnies, on behalf of

the Committee of Management, extended sincere condolences to the families and friends of members who passed on during the reporting year. She offered the Society's best wishes as they continued to pick up the pieces of life without the love and support of their dear family and friends. The list which was not exhaustive was recorded on Page 7 of the Report.

The meeting stood and observed a minute silence in memory of our dear departed members.

Chairman's Welcoming Remarks

The Chairman extended a warm welcome to all persons present at the 77th Annual General Meeting of the Jamaica Civil Service Mutual Thrift Society Limited. He recognised:

- The representatives of the Society's affiliated organizations- the Jamaica Civil Service Association, JCSA Limited, the JCSA Housing Company;
- The Society's Auditor, Miss Yvonne Davis and Members of her team;
- Representatives from Cuna Caribbean Jamaica Limited.

A special welcome was extended to Mrs. Una Samms, former Vice Chairman. He recognized all other distinguished guests, friends, fellow Officers and Members of the Committee of Management who were previously introduced.

He noted that it had been a pleasure to maintain the proud tradition of hosting our Annual General Meeting for 78 years. He said that the Meeting not only brought us together as a family, but provided a forum in which we could discuss the welfare and the future of the Society. He said that it also afforded the Committee of Management to report on its stewardship over the last year of operations.

The Chairman reported that the Committee of Management, not only sought to keep the ship afloat in times of turbulence, but it also sought to review the products and services to keep them relevant in order to improve the lives and welfare of members. He used the forum to thank his colleagues and members of the Committee of Management for their commitment and support during the period under review. He also thanked and placed on record the dedication and hard work of members of staff and said that he looked forward to an involved and productive Annual General Meeting.

Reading and Confirmation of Minutes

On a motion by Mrs. Marva Pringle-Ximinnies, Ministry of Labour & Social Security and seconded by Mr.



Cebert Mitchell, Ministry of Finance & the Public Service, the Minutes of the 76th AGM were taken as read.

Correction to the Minutes

The Chairman advised that there was an Errata Sheet and directed the meeting to page 10 of the Minutes and paragraph three (3) in the first column, line five (5), and stated that the figure should read \$59.8M instead of \$16M. He also pointed out that the figure 21.3% should be corrected to 213%. Also on page 11, third (3rd) column, beginning with Distribution of Net Income / Dividend / Payment, should be deleted and substitute therefore: The Chairman referred to the distribution of Net Income on page 21 of the Report and invited a Resolution on the matter.

The following Resolution was moved by Miss Icolyn Coulbourne, member of the Committee of Management

and seconded by Miss Keisha James of the South East Regional Health Authority and was approved by the meeting:

“In accordance with Rule 22 (c), the Committee of Management declared a dividend of 1.5% payable on shares held at November 30, 2015 to shareholders on the Register of Members on February 28, 2016.

BE IT RESOLVED that as is customary, dividend be paid to members with no loans or loans within shareholdings and that members with loans in excess of shareholding elect to have dividend credited either to their shares or loan accounts”.

The Chairman directed the meeting to page 13 under the subject “Fit and Proper Policy” and asked that lines 7 to 9 be replaced to read “...in keeping with Rule 18, paragraph 7 of the Rules of the Society, we have made

an additional By-Law, By-Law 7, to assist in governing the policy”

The Minutes were duly confirmed on a motion by Mr. Fred Mander-son and seconded by Mrs. Lelieth Barrett-Hamilton, both Senior Mem-bers, subject to the amendments

Matters Arising

Christmas Basket

Mr. Junior Dunn, Senior Member, enquired on the take up of the Soci-ety’s Christmas Basket. In response, the Chairman reported that the Christmas Basket was not as suc-cessful as the Society would have liked. However, a few members had taken up the offer. He noted that an evaluation would be done for the current year to determine what needed to be tweaked and to use that to revise the terms and condi-tions of the product.

Report of the Committee of Management

On a motion by Mr. Cebert Mitchell and seconded by Mr Fred Mander-son the Report of the Committee of Management was taken as read.

The Chairman gave brief highlights of the Report. He said that the So-ciety had completed a successful year and was indeed grateful for that achievement. He continued that the Society posted positive results in spite of the stringent fiscal mea-sures adopted by the Government under the Four (4) Year Extended Fund Facility with the International Monetary Fund (IMF). He said that these measures presented a chal-

lenging environment for business-es and individuals, including public sector employees who had to bear the brunt of some of the economic adjustments.

He advised that the Thrift Society exercised prudent fiscal manage-ment of its affairs resulting in an increase in profits during the year under review. He noted that the So-ciety responded to the demands of members by introducing new prod-ucts such as the Consolidation Loan. He reported that the Education Loan was tweaked and the Informa-tion Technology Loan was also im-proved. The limit on the Emergency Loan was increased to One Hundred Thousand Dollars (\$100,000.00).

Overall Performance

The Chairman then looked at some of the highlights of the Financial Re-port.

- Loan Portfolio increased by ap-proximately 14.0% from \$823.6M in 2015 to \$942.2M at the end of the 2016 financial year. The value of Loans approved by the Com-mittee of Management increased by 20% while Same Day Loans recorded a 16% increase over the previous financial year. While the number of loans approved decreased from 26,061 to 24,601, there was an increase in the value of loans approved by 14% moving from \$613.7M at November 30, 2015 to \$688.4M as at November 30, 2016.
- Interest Income increased by \$22.7M or approximately 17.4% from \$130.4M in 2015 to \$153.1M in 2016. The introduction of the

Consolidation Loan product positively impacted the Soci-ety’s revenue. Income from Investments contributed only 1% to Gross Income.

- Members’ Shareholding grew by \$74M or 10% to \$816.7M in 2016 from \$743.4M in 2015.
- Membership moved from 12,396 to 13,204, an increase of 6.5%.
- The value of the loans dis-bursed during the financial year under review was \$688.4M, up from \$613.7M.
- Operating and Administrative Expenses was \$129.2M which represented an increase of \$7M over the previous year. The rate of increase fell below 5% when compared to 2014/2015 financial year.

Distribution of Gross Net Income

The Chairman reported that the So-ciety realized a Surplus at November 30, 2016 of \$37.2M which represents an increase of \$19.3M over the pre-vious year’s Surplus of \$17.9M.

He advised that after provision of \$5.5M for Taxation, the Net Profit of \$31.7M be appropriated as follows:

• Proposed Dividend	\$14.9M
• General Reserve	\$ 4.0M
• Retained Income	\$12.8M
	\$31.7M

In accordance with the Rules of the Society, the Committee of Manage-ment had therefore declared a Div-idend of 2% on Shares held at No-vember 30, 2016 to shareholders on the Register at February 28, 2017.



and Agencies and those included the Accountant General's Department, Forestry Department, the Ministry of Local Government and Community Development as well as rural offices where the Society demonstrated its technological capabilities as members were able to instantly receive information on their accounts.

Non-Performing Loans

It was noted that Non-Performing Loans, stood at 24.7M or 2.6% of the Loan Portfolio of \$942M. He further reported that of the 109 Non-Performing Loans, 76 valued at \$21.6M resulted from retirements from the Public Service and death of members and would be satisfied from Pension Gratuities and settlements under the Loans Redemption Fund.

He noted that claims against the Loans Redemption Fund were satisfied to the extent of \$3.8M while claims against Shares Enhancement Fund amounted to \$2.7M and as at November 2016, these Funds stood at \$186M and \$56.6M respectively.

Outreach

The Chairman informed Members that during the course of the year, the Society attended an Open Day at Jacisera Park hosted by the Jamaica Civil Service Association.

Members and potential members were sensitized about the Society's products and services. Visits were made to Ministries, Departments

Corporate and Social Responsibility

In the area of corporate responsibility, the Society participated in the Sigma Corporate Run which was in aid of the Jamaica Cancer Society and the Black River Hospital Pediatric Unit. The Society continued to contribute to civic associations and educational and community projects. He said that we also continued to sponsor Mr. Owen Greaves, Correctional Officer, who had been running marathons, promoting the Society over the years. He was placed 34th overall in that year's marathon.

Staff Training

The Chairman reported that the Society continued to invest in the training and development of its staff through customized internal and external seminars and workshops and through in-house training.

He said that was a continuous process as the Society sought to provide a multi-skilled team to ensure that our members consistently receive quality service.

Scholarship

The Society continued to award Scholarships and Bursaries to children of members attending secondary institutions.

Meetings

The Chairman reported that there were fifty one (51) regular meetings of the Committee of Management and fifty six (56) Sub-Committee Meetings held during the year.

Having completed the highlights, he invited discussion of the Report of the Committee of Management.

Mrs. Etta Henry-Savage of Tax Administration Jamaica sought an explanation on the collection of Non-Performing Loans from members who had died. The Chairman explained that upon the death of a member, the outstanding loans would have been written off through the Loans Redemption Fund.

Staff Cost

Mr. Clarence Frater of the Ministry of Commerce, Agriculture and Fisheries noted that the Society was able to maintain costs at reasonable levels, but pointed to the increase of staff cost for 2016 over 2015 by just over \$1M and questioned if that allocation adequately compensated the staff so that they were able to meet their demands, felt comfortable and produced efficiently.

In response, the Chairman informed that staff costs were not only salaries as other costs would have been involved. He explained that the Society had automated a lot of its ser-

vices and so certain costs such as overtime had been reduced. However, while those costs were reduced, the opportunity was taken to increase the emoluments of the staff.

Mr. Robert Chung, Senior Member, complimented the management team on what he thought was a job well done. He said that he was of the view that the Society was taking the appropriate steps and it was being held together properly. The Chairman thanked Mr. Chung and associated the Staff and the Management team with the sentiments.

Mr. Kevin Chambers of Water Resources Authority pointed out that Interest Income was doing quite well. However, he asked whether the Society was considering offering more competitive rates in comparison to the products being offered on the market, for example Motor Vehicle Loan which was approximately 11% compared to as low as 7% on the market. He enquired if consideration was being given to reducing interest rates.

The Chairman explained some of the factors affecting our interest rates compared to the market. For example, he noted that the Society's interest rate was effectively on the reducing balance on loans and pointed that unlike some other financial institutions, we did not have the luxury of large reserves of cheap funds.

Mr. Chambers further noted that most loans on the market were on the reducing balance and that the Society was doing well on loans and

investments and based on those two reasons, he was of the view that the Society should consider looking at the interest rates on loans.

The Chairman reminded the meeting that the Society's priority was ensuring that funds were available to lend to members and that only when that was satisfied that excess funds would be otherwise invested. He however undertook to consider the suggestions made.

Mr. Christopher Scott, Department of Correctional Services noted that income from Processing Fees was



7% compared with Interest on Investments of 1%. He believed that it should have been the other way around where the Processing Fees should contribute less and Investments more but accepted the explanation provided to the previous speaker.

Motor Vehicle Loan

Mrs. Edith Stewart, Senior Member, enquired whether the Motor Vehicle Loan ceiling could be increased and

expressed the view that the loan policy should be reviewed to allow members to purchase more reliable vehicles without having to go into another unaffordable loan arrangement.

In response, the Chairman informed members that the Society's loans were unsecured and that a member could have a maximum of \$300,000 in shares with loans of \$1.5M which were only secured by sureties. This was a risk, he said, with which the Society had to contend, so while it was desirable to increase the Motor Vehicle loan, we had to carefully consider the risks involved.

Operating Expenses

Mr. Lloyd Ebanks, Ministry of Industry, Commerce, Agriculture and Fisheries, sought an explanation for the amount of \$129.2M as Operating Expenses in the Report of the Committee of Management while the figure in the Financial Statements was \$128.09M. The Chairman asked that the matter be deferred to be dealt with under the Financial Statements.

On a motion by Mr. Junior Dunn, Se-

nior Member and seconded by Miss Rita Clarke, the Report of the Committee of Management was adopted.

Auditor's Report and the Financial Statements

On a motion by Mr. O'Neil Grant, Ministry of Agriculture and Fisheries and seconded by Miss Icolyn Coulbourne, Tax Administration Jamaica, the Auditor's Report and Financial Statements were taken as read.

The External Auditor, Mrs. Yvonne Davis and Accountant, Mr. Ewart Baker were invited to join the head table. The Chairman, made the following amendments to the Report:

- Page 41, Notes to the Financial Statements, under Note 14b, Share Capital, "Net Issue and Withdrawal" for 2016 should be \$78,133,208 and the "Balance at November 30" was \$821,600,670.
- Page 43, Note 23, Financial Instrument, "Loans and Receivables at amortized cost" for 2016 should read \$42,795,156, "Loans to members (net of allowance for impairment)" should read \$942,218,018 and the total should read \$468,688,219.
- The total for "Available for sale financial assets at market value" and "Available for sale financial assets at cost" should be \$1,021,448,488.

Mr. O'Neil Grant, Ministry of Agriculture & Fisheries, drew the Chairman's attention to Note 3 on page 36, Item (1) "Leasing" and under the heading, The Society as a Lessee, the reference should read JCSA Limited and not the Jamaica Civil Service As-

sociation. The Chairman noted the correction. It was also observed that Note 5, Unquoted Equity, should read JCSA Limited and not JSCA Limited.

The Chairman informed the member who had enquired about the difference in figures under Operational and Administrative Expenses in the Report of the Committee of Management, and that appearing on page 26 of the Financial Statements, that there was an error and that \$128M in the financials was correct.

On a motion by Mr. O'Neil Grant and seconded by Mr. Clarence Frater, the Auditor's Report and the Financial Statements were adopted.

Distribution of Net Income / Dividend / Payment

The Chairman reminded the meeting of the appropriation of Net Surplus of \$31.7M after provision for taxation contained in the Report of the Committee of Management.

He then invited a Resolution for approval of the Dividend. Mrs. Genetta Smikle moved the following Resolution:

In accordance with Rule 22 (c) of the Rules of the Jamaica Civil Service Mutual Thrift Society Limited, the Committee of Management declares a dividend of 2% payable on shares held at November 30, 2016 to shareholders on the Register of Members at February 28, 2017.

BE IT RESOLVED THAT that a dividend be paid to members with no loans or loans within Shareholdings and that Members with loans in ex-

cess of shareholding elect to have dividend credited either to their shares or loan accounts.

The resolution was moved by Mrs. Genetta Smikle, Committee Member and seconded by Mr. Junior Dunn. The Resolution was carried with two (2) members voting against the motion.

Mr. George Thorpe who voted against, informed the meeting that he believed that discussions should be held on the motion before it was adopted. He also expressed the view that he had a difficulty with the Dividend being credited to shares if one had a loan, in spite of the member not being delinquent.

He said that one should have the option to decide where that money should go and if the member was not delinquent, he recommended that the member should make that choice. The Chairman reminded Mr. Thorpe that the motion was carried and therefore his concern would have to be considered later in the meeting. Mr. Thorpe argued that the motion was not carried properly as there was no discussion before a vote was taken.

A very lengthy discussion ensued during which several concerns were highlighted. Attention was drawn to Rule XXII (c) which provides that:

The Profits of the Society shall be applied as follows:

- In building up a Reserve Fund.
- In establishing a Reserve Account for bad and doubtful debts.
- In payment of dividend on the

Share Capital of the Society. Such dividend may be declared by the Committee of Management and ratified by members in Annual General Meeting.

After further deliberations, Mr Grant advised that the management was correct in how the matter was handled and read to the meeting Rule IX - Lien on Shares in support of his position:

The Society shall have a lien on the shares of and any dividend due to any member for any debt due to it by him, and may set off any sum credited to the member thereon, in or towards the payment of such debt.

The objection to the Resolution was therefore withdrawn. The Chairman thanked all for their cooperation and reminded members that the motion was carried and so the Resolution would take effect. He then invited Mrs. Marva Pringle-Ximinnies to preside over the drawing of the Early Bird prize.

Early Bird Prize

The Early Bird Prize was drawn and was won by Miss Claudette Parker, Senior Member. Mr Cebert Mitchell, member of the Committee of Management, made the presentation. The Chairman congratulated Miss Parker and then invited Mr. O’Neil Grant, President of JCSA to preside over the elections to the Committee of Management.

Election of Officers and Members

Mr. Grant assumed the role as Elec-

tion Officer and drew members’ attention to the provisions of Rules XVII & XXXII, and stated that the positions of Chairman, 1st Vice Chairman and 3 Members of the Committee were up for election. He indicated that in accordance with the Rules, and the fact that there were no other nominations for the positions, the following persons were therefore returned by acclamation:

Chairman

- Mr. Errol Miller

1st Vice Chairman

- Mrs. Marva Ximinnies

Members

- Mrs. Marguerite Clare
- Mr. Cebert Mitchell
- Mrs. Gennetta Smikle

The Chairman, thanked Mr. Grant for his services as Election Officer and expressed appreciation on behalf of those returned.

He thanked Members for the confidence and assured that they would continue to do their very best to ensure that the Thrift Society continued to grow and that the interest of members would always be a priority.

Appointment of Auditor

The Chairman indicated that Mrs. Yvonne Davis, ACCA, FCA, having been appointed Auditor at the last Annual General Meeting, was eligible for re-election in accordance



with Rule XXIII. Mrs. Davis had intimated her willingness to continue as the Society’s Auditor.

On a motion by Mrs. Marva Pringle-Ximinnies, and seconded by Mr. Fred Manderson, both Members of the Committee of Management, the meeting approved the appointment of Mrs. Yvonne Davis, as the Society’s Auditor for the ensuing financial year 2017/2018.

Presentation by Cuna Caribbean Insurance Jamaica Limited

The Chairman reminded members that at the last Annual General Meeting a member raised the matter of the Family Indemnity Plan (FIP). As a result, the Society invited a team from Cuna Caribbean Insurance Jamaica Limited to make a presentation. Miss Phillipa Beckford was introduced and addressed the meeting on the benefits of the F.I.P. Her address was followed by questions and answers.

Any Other Business

Resolution

Mr. Cebert Mitchell, Member of the Committee of Management, drew attention to the Resolution for Provisional Membership of the Jamaica Civil Service Mutual Thrift Society

which he read:

WHEREAS Rule V (Membership) of the Rules of the Jamaica Civil Service Mutual Thrift Society states that:

“Membership in the Society shall be limited to members of the Jamaica Civil Service Association who are:

- a. (i) Employees of the Public Service on a permanent basis; (ii) Employees of Executive Agencies and other Parastatal Bodies (Statutory Bodies and Government Companies) who are permanently employed and whose application shall be approved at the discretion of the Committee of Management;
- b. Pensioners of the Public Service and Executive Agencies;
- c. Other Societies registered under the Industrial and Provident Societies Act whose membership is limited to members of the Jamaica Civil Service Association such member of the Society being deemed a person for the purpose of this Rule and other Rules of the Society in so far as the same may apply” and;

WHEREAS for the process of separation of monthly remittances from Ministries, Departments and Agencies (MDAs) by the Jamaica Civil Service Association which were previously received by the Jamaica Civil Service Mutual Thrift Society Limited (the Thrift Society) is affecting the verification, acceptance and approval of applications for membership in the Thrift Society;

BE IT RESOLVED THAT;

Rule V of the Rules of the Thrift Society be amended by inserting the following:

d. Provisional Membership. A provisional member is a person who applies for Membership in the Jamaica Civil Service Mutual Thrift Society Limited and whose application is provisionally approved subject to the following conditions:

(i) Application awaiting approval by the Jamaica Civil Service Association.

(ii) Application is recorded in the accounts of the Jamaica Civil Service Mutual Thrift Society Limited under the name “Provisional Member awaiting approval by the Jamaica Civil Service Association”.

(iii) A “Provisional Member awaiting approval by the Jamaica Civil Service Association” will remain a “Provisional Member” until such application is approved by the Jamaica Civil Service Association.

(iv) Where the application of the Provisional Member is not approved by the Jamaica Civil Service Association, the applicant shall be refunded his shares less any liability to the Jamaica Civil Service Mutual Thrift Society Limited

(v) Access to loan facility with the Jamaica Civil Service Mutual Thrift Society Limited be limited to loan within shares and to any other consideration by the Committee of Management from time to time.

(vi) Upon approval of Member-

ship by the Jamaica Civil Service Association a “Provisional Member” will cease to be a provisional member and will be able to access all other facilities of an ordinary member of the Jamaica Civil Service Mutual Thrift Society Limited.

BE IT FURTHER RESOLVED THAT WITH EFFECT FROM JUNE 22, 2017;

(i) All applications for Membership with the Jamaica Civil Service Mutual Thrift Society Limited, awaiting approval of Membership by the Jamaica Civil Service Association may be approved by the Committee of Management for “Provisional Membership”.

(ii) All applications for membership received, recorded and being withheld prior to June 22, 2017 and which are awaiting approval of Membership by the Jamaica Civil Service Association may be approved by the Committee of Management for provisional Membership.

Mr. Mitchell sought permission for two amendments on page 2 of the Resolution - to insert a new number (iv) so under (iii) the following was inserted:

(iv) Where the application of the provisional member is not approved by the Jamaica Civil Service Association, the applicant shall be refunded his shares less any liability to the Jamaica Civil Service Mutual Thrift Society Limited.

The motion was moved by Mr. Ceibert Mitchell and seconded by Mr.

Anthony Fairbourne. Mr. Mitchell explained the background that gave rise to the Resolution. He said that initially, there was a single application for membership in both the Association and the Thrift Society.

However, based on a recent internal decision by the Association, there was a change in the administration of new members resulting in separate Application Forms.

He further explained that such change resulted in persons who were not members of the Association, completing the Thrift Society's application forms and submitting them directly to the Society.

Attempts had been made to verify that those applicants were members of the Association and that where persons were not members, they were referred to the Association for membership. However, it was discovered that persons were waiting for months to be accredited as members in both organizations and had subsequently expressed a loss of interest.

He indicated that among the purpose of the Resolution was for the Thrift to increase its membership, gain additional revenue and to strengthen the membership of the Association by introducing this concept of provisional members. He continued that preliminary discussions with the Association had shown no objection.

As a consequence, the matter had been referred to the AGM for consideration and approval.

Mr. Frater raised a 'point of order' that Mr Mitchell read a motion that was not moved or seconded but proceeded to amend the motion that was on the floor and that another motion should not be raised to amend the first motion.

In response, the Chairman pointed out that the first motion was moved by Mr. Cebert Mitchell and seconded by Miss Icolyn Coulbourne and circulated prior to the meeting. He then advised the meeting that the motion was open for discussion.

Mr. O'Neil Grant, President of the JCSA argued that one of the challenges he had with the Resolution was the attempt to deal with an administrative matter by amending the Rules. He advised that several meetings were held with the Thrift Society to deal with the common problem of pay stations not efficiently processing applications for membership in both organizations.

He noted that the Association had applied new resources, had been visiting the pay stations to speed up the application form process and had worked out a protocol with the Thrift Society to speed up the processing by the pay stations and JCSA for membership in order that persons could quickly get membership in the Thrift Society.

He further noted that when persons applied simultaneously for membership in both organizations, pay stations tend to process the Thrift Society's applications before the JCSA's application, and that was also a part of the problem. He said that

whilst the JCSA had no fundamental difficulty with the administrative arrangement to provisionally approve membership, he proposed the following amendments to the Resolution:

1. In the reason given for the Resolution, remove the references for separation between the JCSA and the Thrift Society to the collection of dues.
2. That a further condition be replied as an amendment to what is now going to be numbered as Rule V; that the persons who are giving provisional membership be allowed to save with the Mutual Thrift Society but not to borrow.
3. That the provisional membership should last for no more than six months to allow for the administrative process of ratifying their membership in the JCSA.

Mr. Grant moved the amendment which was seconded by Mr. Mitchell.

Miss Gillian Corrods, 2nd Vice President JCSA, spoke to the matters contained in the Resolution and made reference specifically to:

- The time limit of persons becoming members;
- That the Resolution sought to address an administrative issue occasioned by the separation of the membership application;
- The use of the term provisional member which assumed that each person who made an application would eventually become a member and that meant that

there needed not be a process of verifying suitability for membership;

- That persons admitted as provisional members may believe that the Thrift Society and the JCSA were one and the same and that they may have certain membership rights and that would not be so because they would have had no membership with the JCSA.

She believed that it was premature to make a determination by resolution on this matter because the administrative arrangement had not been allowed to work and therefore proposed that the motion be deferred for consideration at an upcoming Annual General Meeting.

Mrs. Pringle-Ximinnies said that while she took into consideration the opinion of the 2nd Vice President of the JCSA, this was an issue that the Society had been grappling with for some time. She noted that the Society was motivated to continue holding up the family of the Jamaica Civil Service Association and that what we were attempting to do was to ensure that we continued the robust recruitment by both organizations as both will benefit from joint recruitment.

She further advised that persons who were interested in becoming members of the Thrift Society would not be allowed to become full members of the Thrift Society until they were members of the Jamaica Civil Service Association and that the Society had been treating with the issue since last year. She said that the matter had now become urgent

since the creation of a Member Services Unit with additional staff.

She outlined that the Unit was focusing on growth but since the beginning of the year, the Society had no growth because we had not been able to complete the application process. She explained that over 60 unprocessed applications for membership were currently in-house and only nine were verified.

Mrs. Pringle-Ximinnies lamented that while the proposal might not have been the most desirable route, the Thrift Society had consulted with the Department of Cooperatives and Friendly Societies in shaping the Resolution. She stated that this matter was urgent and it was a temporary measure to ramp up internally the various mechanisms to treat with the issue.

Mr. Christopher Scott of the Department of Correctional Services said that he had suggested at a previous Annual General Meeting that the Society examine its Rules to devise a system where persons could start to contribute through savings and when they became permanent they would be able to access loans.

He further suggested that if for some reason they were never permanently appointed and unable to get a loan, they would withdraw their money at the end of their employment. He said that the Resolution should have been brought to a special meeting rather than the Annual General Meeting.

The Chairman explained that the

Annual General Meeting was an appropriate forum under the Rules to deal with Resolutions.

Mr. Chung expressed the view that persons with provisional membership who, because of an administrative challenge after six months cannot become a member in the JCSA, may be granted loans at least 2% higher than members. He commented that the JCSA recruits for the Thrift and usually the selling point was that having become a member of the JCSA, one benefit was the Thrift, so it was strange for persons to seek the benefit before becoming a member of the JCSA.

The Chairman pointed out that Mr. Mitchell had alluded to the fact that with the separation in the accounting administration, persons had gone on line and had downloaded, completed and submitted the Thrift Society's application. He noted that the Society was trying to assist those persons who had taken the initiative.

Mrs. Sharon Anderson, 3rd Vice President of the JCSA, explained that she looked at the Resolution, listened to the discussions and she would have a problem if the application for membership in the Thrift Society was approved and was awaiting approval for the JCSA because the same persons in the Human Resources Management Unit of the Ministry or Department to which the Member was attached would approve and verify the applications.

She asked why the application for the Thrift would be approved and not the JCSA. She therefore recom-



mended that the Resolution be deferred and the administration be worked out.

Mr. Chambers of Water Resources Authority outlined an experience in the processing of an application for Membership and concluded that it left more questions than answers. Consequently he asked that the matter be looked at more closely before passing the Resolution.

Mr. George Thorpe, Department of Correctional Services, also indicated that he was of the view that the matter was an administrative one and that the JCSA had been working assiduously to ensure that all applications were dealt with in a timely manner.

Miss Claudette Parker, Regional Administrator for the Jamaica Civil Service Association outlined some of the issues she had with applications for membership to the Thrift Society and advised that she returned a list of persons from the Thrift to be enrolled as members of the Association.

Mr. Grant said that there was some misunderstanding in the objective of the Resolution as no individual could be a member of the Thrift Society who was not a member of the

JCSA. He further stated that in order to assist the Thrift Society in fulfilling its mandate to create savings, it was agreed to allow the affected persons to save and cap their provisional membership at six months and if they did not get membership in the JCSA then their provisional status should be rescinded and their funds returned.

He explained that provisional members should not be able to borrow from the Thrift Society since they could only save with the intention of becoming members in order to borrow. Mr. Grant further explained that the JCSA and the Thrift Society had been discussing separation of its Accounting system for at least three (3) years and the executives of the JCSA had discussed the need for the JCSA to collect its revenue.

He said that he was the JCSA's Treasurer in 2004 and the challenges were there and the JCSA had been trying to remedy the situation since then. He explained the verification process and assured the meeting that he would not allow anyone to benefit from membership status of the JCSA by having a provisional status.

The Chairman thanked Mr. Grant for his submission and the amended Resolution was read and moved by Mr. Cebert Mitchell and seconded by Miss Icolyn Coulbourne.

Mrs. Yvonne Davis, External Auditor, issued a word of caution that the Society could not be seen as a deposit taking institution outside of the core group and that the Rules provided that for a person to be a

member of the Thrift Society, he must be a member of the Association. She further advised that the Society had to be careful as if it was not seen as coming under the Industrial and Provident Societies Act, it would therefore be like a credit union. Therefore, the regulatory framework would change and the Bank of Jamaica may see the Society as a deposit taking institution.

In response the Chairman thanked Mrs. Davis for her contribution. He outlined that it was specifically for those reasons that clause was included to say that we do not want it to appear that the person could get loans within the amount that they had. He further advised that prior consultations were done with the Office of Registrar of Co-operatives and that, in the main, they were satisfied with the Resolution.

Mr. Grant indicated that he suddenly realized that there was a challenge with the Resolution as the Rule said that for an amendment to be done, it must be submitted to the Secretary twenty-one clear days of the date of the Annual General Meeting or the Special General Meeting and that the date of signing was June 14, 2017.

He further indicated to the Chairman that the Resolution could not go forward at this meeting as the time requirement was breached. He then read Rule XXV- Alteration of Rules:

These rules and regulations maybe added to, amended, altered or rescinded by a majority of two-thirds

of the members present and entitled to vote at any Annual General Meeting or any Special General Meeting called for the purpose. Copies of all proposed resolutions to add to, amend, alter or rescind any of the rules and regulations must have been forwarded to the Secretary of the Society twenty-one clear days before the date of the Meeting. The Secretary shall notify the members of such proposed amendment at least seven days before the date of such meeting.

Mr. Mitchell pointed out that there may have been some confusion in the timelines for submission of the Resolution to the Secretary within 21 days and the notification by the Secretary to the membership within 7 days of the AGM. On that basis he moved for the deferment of the Resolution until Rule XXV was satisfied. The Resolution was therefore withdrawn.

Provision of Free Wi-Fi

Mr. Mitchell said that since the Society was requesting members to apply for loans on-line, he asked if there was any consideration to provide free Wi-Fi for members who visited the Society's Office to do business. The Chairman indicated that the matter would be considered.

Scholarship for Members

A suggestion was made that a Scholarship be awarded in the name of a past Chairman to members attending tertiary institutions. The Chairman noted the suggestion and agreed that the proposal could be examined.

Statement Contained in the JCSA's Annual Report

Mrs. Ethal Henry-Samms read the following excerpt which was contained in the last Annual Report of the JCSA:

"In order to have better control accountability, the Jamaica Civil Service Association has embarked on self-accounting where all moneys for the JCSA, for the first time, were separated from the Jamaica Civil Service Mutual Thrift Society."

She outlined that the statement further said that since the change the organization had seen improvement in the amount of money collected from Members as dues. She therefore sought clarification of the statement as it appeared to have imputations. In response, the Chairman said that the statement seemed to have implications without more being said and requested that a representatives from the JCSA respond to the concern.

Mr. Chung explained that the statement was addressing efficiencies and getting the money in a timely manner in order to plan better. He further stated that because the JCSA was not receiving the money directly they had to wait to get reports and for the exchange of the funds to take place. He made it clear that no claim was being made that money was missing. He further reiterated that the efficiencies were much better as the JCSA was now getting its money on time and could plan and do more with it.

Membership to Contract Workers

A member enquired whether persons employed on a contractual basis could be allowed to be members of the Thrift as she was among over three hundred community health aides who were not appointed and who desired to become members. In response, the Chairman informed that while he was sympathetic to the concern, the Rules of the Society did not allow for the acceptance of contractual officers as members.

Mr. Chung suggested that creativity and innovation could be extended to persons who were not members and that the Society could look at ways in which they could assist those members.

Mrs. Pringle-Ximinnies said that we needed to be mindful of the different constraints under which public sector workers were engaged and that when members were granted loans, that was done on the merit of each other's signature and integrity.

She further explained that contract workers were not covered under the Government Pensions Scheme and suggested that the JCSA take the concern of contract workers on board in the transformation of the Public Sector. She stated that while the Society boasted a low delinquency rate, the numbers have been climbing. She continued that when persons retired, they were not receiving their pension settlements from the Accountant General's De-





partment in a timely manner and that was affecting the delinquency levels. She told the meeting that if we were to take the additional risk as it related to contract employees who were not secured by pension, we would have to consider looking at other instruments of security apart from mere signatures. Mr. George Thorpe warned that the Society needed to be careful of the additional risk and that in the event consideration was given to the proposal to accept contract workers, other instruments should be used to secure those loans.

Having exhausted the Agenda, the Chairman invited the 1st Vice Chairman, Mrs. Pringle-Ximinnies to do the presentations and drawing of prizes.

Presentations

Presentations were made to:

- Mrs. Una Samms, former Vice Chairman who was 96 years old

and who had been a member of the Thrift Society for 64 years.

- Mr. Douglas Richards, Driver/ Orderly, who would be separating from the Society at the end of June 2017. Mrs. Pringle-Ximinnies noted that it was fitting that a presentation be made to him at the Annual General Meeting.

Various spot prizes were also drawn and awarded to members.

Closing Remarks

The Chairman advised members that we had come to the end of another successful Annual General Meeting. He noted that it was the longest Annual General Meeting of the Society that he had experienced. He thanked everyone for their attendance and participation and assured members that their comments and suggestions would be examined and implemented, where possible.

He took the opportunity, on behalf

of the Committee of Management, to express appreciation to members for their confidence and loyalty to the Thrift Society and said that the achievements and successes would not have been possible without our dedicated and committed staff.

He also expressed thanks to our Auditor, the Officers and Staff of our affiliate organization, the Jamaica Civil Service Association, JCSA Limited, JCSA Housing Company, all our sponsors and other persons and organizations that assisted the Society in making 2016 a successful year.

The Chairman wished everyone a pleasant evening and a safe journey home. He then invited a motion for the adjournment.

Adjournment

The meeting was adjourned at 9:05 p.m. on a motion by Mr. Cebert Mitchell and seconded by Mr. Fred Manderson.

Report from the Committee of Management

The Jamaica Civil Service Mutual Thrift Society (the Society) is pleased to report on the results for the financial year ended November 30, 2017. During the year, the Society experienced increased competition particularly in the loan sector from new and old players in the market. This trend was primarily influenced by adjustments in the Government's monetary and fiscal policies resulting in financial institutions having to make adjustments to their own investment policies.

or \$14.7 million increase over the previous year. Profit before tax fell by 6.9% or \$2.7 million to \$35.8 million over the previous year. However, profit after tax, aided by a substantial change in the fair value for financial assets of \$6.4 million [2016 - \$1.7 million], grew by \$4.9 million to \$38.4 million.

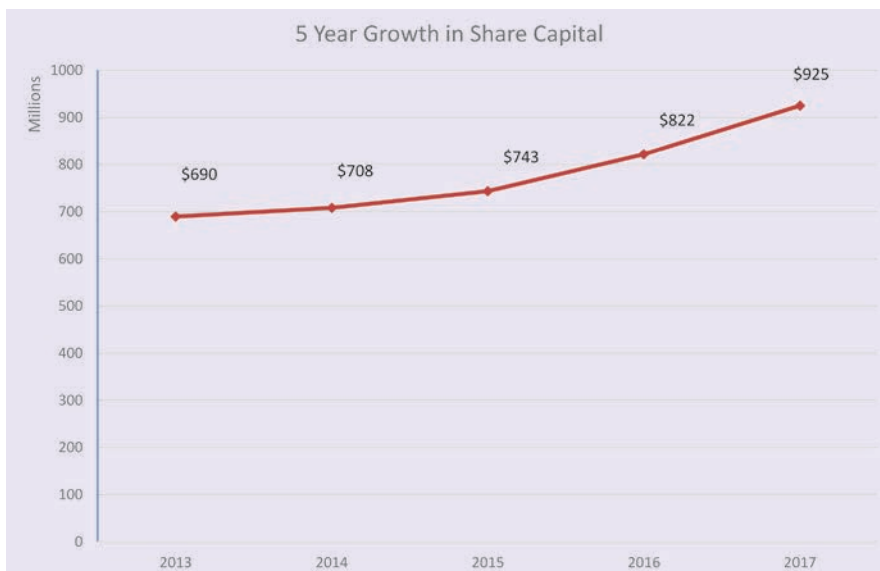


Chart 1 - 5 Year Growth In Share Capital

Although the demand for loans fell in some major categories during the year, the Society's Loan Portfolio grew by approximately 7.2% from \$942.2M in 2016 to \$1.01B at the end of the 2017 financial year.

This marks an important milestone for the Society as the Loan Portfolio grew above the historic \$1 billion mark. This growth contributed to a 9.3% or \$14.3 million increase in Interest Income of \$167.4 million over the previous year.

One effect of the competition was many debt consolidations from our members in which loans were liquidated ahead of their proposed life span impacting our Interest Income.

Despite the harsh business and economic environment, the Society exercised prudent fiscal management

leading to positive performances in several reporting areas. There was also favourable feedback from members about our improved loan products such as the Consolidation, Education and Information Technology Loans. Our performance show that Gross Revenues amounted to \$170.3 million representing an 9.5%

During the reporting year, the Society established its Member Services Unit (MSU), whose main focus was on improving the customer service needs of members, as well as facilitating increased presence in Ministries, Departments and Agencies (MDAs). Visitations by the MSU during the latter part of 2017 was able to assist in driving the increase

in Members Shareholdings by 12.6% from \$821.87 million to \$925.05 million, and supported the net increase of 2.8% in membership from 13,204 in 2016 to 13,574 in 2017.

Financial Performance

Share Capital

Through innovative policy mixes, the Society recorded a 12.6% increase in Members Shareholdings or by \$103.2 million to \$925M in 2017, when compared with \$821.87m; a 10.5% or \$78.4 million increase in 2016.

Loans to Members

The year in review saw mixed results in demand for loans. Most impressive were the Consumer Durables and Education Loans which increased by 12.4% and 6.4% to \$114.2 million and \$86.8 million respectively. Similarly, the value of approved Same Day Loans (SDL) recorded an increase of 8.9% or \$26.3 million to \$321.0 million over the previous financial year.

On the converse, demand for Consolidation Loans fell by 13.3% or \$9.04 million to \$58.9 million. The consistent aggressive competition in the form of loans consolidated by other financial institutions prevented the Society from doing better than the 9.3% increase on Interest Income. Public Sector workers seem to have been induced by more attractive offers from other financial institutions with large cash reserves, which contributed to early liquidation of our loans.

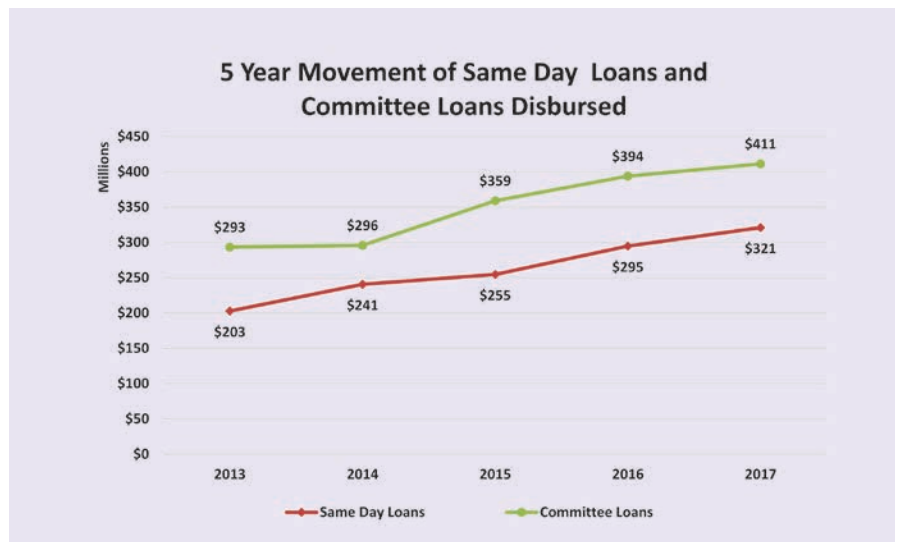


Chart 2 - 5 Year Movement of Same Day Loans & Committee Loans Disbursed

The Society continued its innovations in allowing members to utilize both in-office and online facilities to apply for loans. Such innovations were extended to Committee Loans applications online. The Society will be exploring the possibility of offering SDL online during the upcoming financial year. While the number of loans approved increased from 24,601 to 25,397 or 3%, the total value of loans disbursed recorded a 6% increase or \$43.9 million from \$688.5 million at November 30, 2016 to \$732.4 million as at November 30, 2017. The Society's Loan Portfolio therefore grew from \$942.2 million in 2016 to \$1,010.4 million or approximately 7.2% for the reporting period.

The five year analysis (Chart 2) indicates a rising trend between SDLs and those approved by the Committee. While the trend would suggest a higher demand for SDLs and a reduced demand for Committee Loans, based on existing market conditions, efforts are being made to reverse the trend.

With further improvements to the Society's loan products, we are poised to have a greater presence in a market that has become very dynamic and even more competitive since 2012. The total value of loans disbursed during the financial year under review was \$732.4 million, up from \$688.5 million. The number and main categories of loan disbursed are outlined in Table 1.

Sources of Income

The introduction of the Consolidation Loan product had a positive impact on the Society's revenues as it was a popular loan. However, as the environment became more dynamic and competitive, the trend was reversed since members began refinancing their loans with the Society.

This affected the growth of Interest Income.

Chart 1 illustrates an overall increase of \$14.3m or 9.3% in Loan Interest, moving from \$153.1m in 2016 to \$167.4m in 2017. Processing Fees also contributed to Income

which grew from \$10.9m in 2016 to \$11.2m during the period under review.

The shift in the economic environment is glaringly reflected on income from Investments which contributed only 1% to Gross Income. Chart 3 illustrates the sources of the Society's Gross Income as at November 30, 2017.

Operating and Administrative Expenses

Although the Society continues to apply cost cutting measures, there were un-budgeted expenditure incurred to better manage the IT Infrastructure, and facilitate better maintenance and improved efficiency in several areas of our operation.

Total Operating and Administrative Expenses increased over the previous financial year by 15.5% or \$19.8m up from \$128.1m in 2016

Table 2: ALLOCATION OF EXPENSES (\$)

	2017	2016
Staff Costs	85,748,017	80,074,342
Members Security	8,233,003	7,971,175
General	40,680,497	31,137,591
Establishment	4,727,388	4,751,045
Financial Cost	6,533,158	4,157,684
	145,791,941	128,091,837

to \$145.8m in 2017. During the reporting year, one time expenditure totaling \$2.9 million was spent on the restructuring and upgrading of the Society's Information Technology capabilities for greater efficiency.

This includes the cost to improve our document management system. Other expenses were for improvements to parking and other facilities on newly acquired property at 12 Caledonia Avenue.

Chart 4 shows the major Operating and Administrative Expenses for

the financial year ended November 2017 while the Table shows a comparison of those expenses for the financial years ended November 2017 and 2016 respectively.

Distribution of Net Income after Taxation

The Society realized a surplus of \$35.8 million as at November 30, 2017. This represents a decrease of approximately \$2.7 million over the previous year's surplus of \$38.4 million. We recommend that after provision of \$3.1 million for taxation, the Net Profit of \$31.9 million be appropriated as follows:

Proposed Dividend	\$22.9m
General Reserve	\$ 4.0m
Retained Income	\$ 5.0 m
	\$31.9 m

Dividend

In accordance with Rule XXII (c) we have declared a dividend of 2.5% payable on shares held at November 30, 2017 to Shareholders on the Register of Members at February 28, 2018.

As is customary, and in keeping with Rule IX, we recommend that Dividend be paid to Members with no

	2017		2016	
	Qty	Value	Qty	Value
Same Day Loans				
Cash Loans	8472	143,705,113	8068	127,197,806
Emergency Loans	13460	177,307,690	13001	167,503,395
	21932	321,012,802	21069	294,701,201
Committee Loans				
Consumer Durables	1200	114,199,159	1124	101,610,297
Education	760	86,797,563	785	81,595,231
Home Improvement	435	63,577,764	408	57,766,055
Consolidation of Debt	311	58,991,114	352	68,032,546
Motor Vehicle Repairs & Insur.	289	46,396,100	318	42,287,961
Medical, Dental & Funeral	142	11,741,700	147	13,268,475
Computer Acquisition	108	10,160,662	112	9,373,895
Travel & Vacation	69	7,261,000	90	8,817,820
Business Venture	24	3,231,400	23	2,586,400
Utilities	43	1,760,628	49	2,027,048
Other Committee Loans	84	7,221,000	124	6,423,000
	3465	411,338,088	3532	393,788,727
	25397	732,350,891	24601	688,489,928

Table 1: Same Day Loans & Committee Loans Disbursed, 2016 & 2017

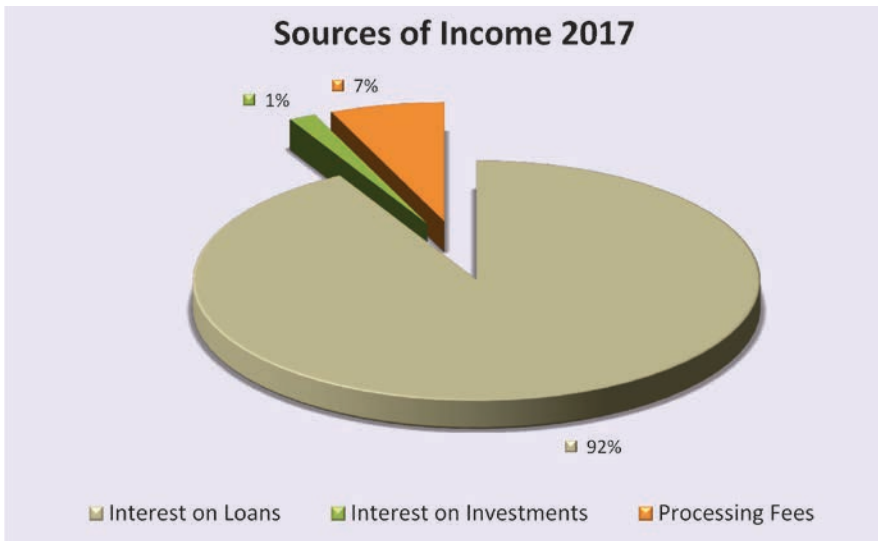


Chart 3 -Sources Of Income

loans or loans within shareholdings and that Members with loans in excess of shareholding elect to have dividend credited either to their shares or loan accounts.

Non-Performing Loans

A Non-Performing Loan is one on which the agreed monthly payment has not been received for a period of three consecutive months or more.

The Society's Non-Performing Loans stands at 2.6% of Total Loan Portfolio. At the end of the financial year, Non-Performing Loans amounted to \$24.7 million from a Loan Portfolio of \$1,010.4 million. The number of such cases and the total amounts outstanding at November 30, 2017 are as follows:-

Of the one hundred and twenty (120) Non-Performing Loans amounting to \$28.3 million; ninety (90) amounting to \$25.3 million resulted from

retirements from the Public Service and death of members. These loans will be satisfied from pension gratuities payable by the Accountant General's Department and settlements from the Loans Redemption Fund.

	No. of Cases and Amounts for 2017 \$M		No. of Cases and Amount for 2016 \$M		Remarks
Accountant General's Department	75	\$23.6	62	\$20.3	Awaiting Pension Gratuity Settlement
Loans Redemption Fund	15	\$1.7	14	\$1.3	Awaiting Proof of Death for Settlement
Surety Accounts	30	\$3.0	33	\$3.1	Action for recovery Being pursued
Total Outstanding	120	\$28.3	109	\$24.7	

Membership

Membership of the Society as at November 30, 2017 stood at 13,574, an increase of 2.8% over comparative figures of 13,204 at the end of the previous year. Membership in the Society for the past five (5) years is shown in Table 3.

Loans Redemption Fund / Shares Enhancement Fund

The objectives of these Funds are as outlined:

- a. The Loans Redemption Fund was established in 1971 to provide a fund from which any loan balance owing by a member at the time of death or permanent disability would be settled, thereby relieving his/her beneficiary of any liability. The Fund is built up by a surcharge of 0.2% on the monthly loan balance of members.
- b. The Shares Enhancement Fund was created in 1991 to provide for payment to a beneficiary based on the shareholding of a member who dies or to the member

who may suffer permanent disability. The monthly contribution to this fund is 0.08% of members' shareholding and is paid entirely by the Society.

During the year, claims against the Loans Redemption Fund were satisfied to the extent of \$2.5 million

	2017	2016	2015	2014	2013
Opening Membership	13,204	12,396	11,700	10,936	10,189
New Members	413	1,059	946	981	850
Resigned Members	(43)	(251)	(250)	(217)	(103)
Closing Membership	13,574	13,204	12,396	11,700	10,936

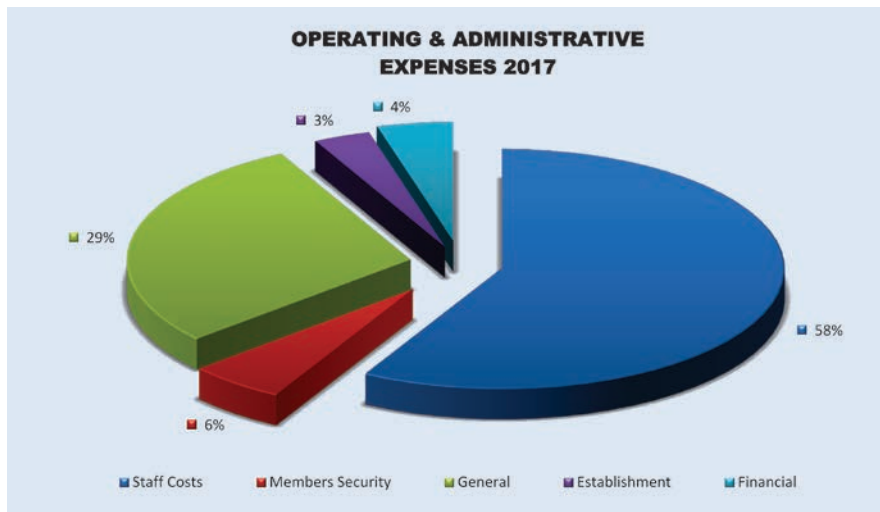


Chart 4 - Operating & Administrative Expenses for 2017

while claims against the Shares Enhancement Fund amounted to \$2.1 million. The value of these funds at November 30, 2017 are shown below:

Loans Redemption Fund - \$207.4m

Shares Enhancement Fund - \$62.6m

Further details on these Funds are shown in the Financial Statements.

Marketing and Communications

Outreach Programmes

In May 2017, at the Jamaica Civil

Service Association's open day and voting ceremonies, the Society participated in Sun City radio's outside broadcast, and members and potential members were sensitized about the Society's products and services.

While on visits to Ministries, Departments and Agencies (MDAs), the Society continues to utilize its technological capabilities in providing members with their account information instantaneously as well as to offer same day loans facilities and withdrawals.

The Member Service Unit visited Eighteen (18) MDAs during the finan-

cial year to promote the products and services that the Society offers as well as to recruit new members.

These MDAs in the Kingston and St. Andrew Metropolitan area were the Ministry of Local Government and Community Development, Tax Administration Jamaica-King Street, Fort Augusta Correctional Centre, Rural Agricultural Development Authority-Hope Gardens, Court Management Services, Tower Street Adult Correctional Centre, Bellevue Hospital, Department of Correctional Services-Head Office, Jamaica Customs Agency, Post and Telecommunications CSO, Office of Disaster Preparedness and Emergency Management (O.D.P.E.M), National Works Agency, Registrar General's Department, National Family Planning Board, and the Horizon Adult Correctional Centre.

Visits out of town were Tax Administration Jamaica-May Pen, Rural Agricultural Development Authority-Manchester, and Brown's Town Community College in St. Ann.

From these visits, members have expressed satisfaction with the efforts

of the Society to satisfy their needs. They also gave feedback on service delivery and these are currently being reviewed.

Corporate Responsibility

In February 2017, the Society participated in the Sagicor Sigma Corporate Run which was in aid of the Jamaica Cancer Society and the Black River Hospital, Pediatric Unit.

We continued our contribution to civic associations, education and community projects, which demonstrated commitment of our corporate social responsibility. See below a list of some organizations that have benefitted from our generosity during the year:

- Department of Correctional Services
- Lay Magistrates Association of Jamaica
- The Lyndhurst Methodist Church
- Boulevard United Church Mime Ministry

- The Optimist Club of Kingston
- Portmore Methodist Church
- Seaview Gardens S.D.A. Church
- Free Hill Primary & Infant School
- Hyacinth Lightbourne Memorial Association
- Mount Fletcher Methodist Church
- Jeanette Grant-Woodham Education Foundation
- Jamaica Government Pensioners' Association
- Eastern Caribbean Hurricane Relief Fund
- Jamaica Cancer Society

We continued our sponsorship of Mr. Owen Greaves, Correctional Officer of the Department of Correctional Services in the Reggae Marathon. We are pleased to report that Mr. Greaves, who continues to promote the Thrift Society, was placed 19th overall in the 2017 edition of the Reggae Marathon.

Staff Training

The Society continued to invest in

the training and development of our staff through customized internal and external courses, seminars and workshops.

Two members of staff attended the General IT Audit Techniques Workshop hosted by the Centralized Strategic Services Limited while four (4) members attended a seminar organized by CRIF Information Bureau Jamaica Limited on credit information, its usefulness to financial institutions and how to utilize it. The staff also went through a series of Public Speaking training during the financial year. In-house training has been a continuous process as we seek to provide a multi-skilled team to ensure that you, our members, consistently receive quality service.

Scholarships

8 scholarships, 9 bursaries and 3 grants for school assistance valued at \$700,000.00 were awarded in September 2017 to members' children attend-

<u>Names</u>	<u>Regular</u>	<u>Excused</u>	<u>Remarks</u>
Mr. Errol Miller (Chairman)	51	-	-
Mrs. Marva Pringle-Ximinnies (1 st Vice-Chairman)	48	3	Granted Leave
Mr. Hugh Martin (2 nd Vice-Chairman)	45	6	Granted Leave
Mr. Leslie Campbell	45	6	Granted Leave
Mr. Gary Mowatt	51	-	-
Mr. Fred Manderson	51	-	-
Miss Georgia Mogg	46	5	Granted Leave
Mrs. Marguerite Clare	49	2	Granted Leave
Mrs. Lelieth Barrett-Hamilton	43	8	Granted Leave
Mrs. Gennetta Smikle	49	2	Granted Leave
Miss Icolyn Coulbourne	51	-	-
Mr. Cebert Mitchell	50	1	Granted Leave

ing Secondary Institutions. It should be noted that the continuation of the scholarships each year is dependent on the academic performance, conduct and participation in extra-curricular activities of the awardees.

Attendance at Meetings

There were fifty one (51) regular meetings of the Committee of Management as well as sixty nine (69) Sub-Committee Meetings during the period December 1, 2016 to November 30, 2017. Sub-Committee meetings held during the period comprised the following:

Meetings Held	
Finance	15
Human Resources	13
Information Technology	4
Marketing / Communications	14
Pensions Trustees	3
Real Estate	4
Scholarship	4
Other	12

Table 4 shows the attendance of each member at the 51 regular meetings of the Committee of Management.

Appointment of Auditor

Mrs. Yvonne E. Davis, ACCA, FCA, having been appointed as Auditor to the Society at the last Annual General Meeting and having intimated her willingness to continue as the Society's Auditor, is eligible for election in accordance with Rule XXIII.

Obituary

The Committee of Management extends sincere condolences to the families and friends of the members who passed on during the financial year. The list is not exhaustive and we regret any omission.

Acknowledgements

The Committee of Management takes this opportunity to express its appreciation to you, our valued members for your continued confidence and goodwill in the Society.

The achievements and successes achieved would not have been possible without our loyal and committed staff and to them, we express our gratitude.

To the Auditor, Officers and Staff of the Jamaica Civil Service Association, JCSA Limited, JCS Housing Company, and all other persons and organizations that assisted us to realize another successful year, we say thanks.

Errol Miller
Chairman

Remembering Those Who Passed On

- **Bartley-Smith, Carmen** - Senior Member
- **Bright, Georgia** - Tax Administration Jamaica
- **Brown, Marion** - Child Development Agency
- **Clarke, Fay** - Southern Regional Health Authority
- **Clarke, Norman** - Senior Member
- **Clarke, Winston** - Senior Member
- **Ebanks, Donna** - Department of Correctional Services
- **Facey, Juliet** - Edna Manley College
- **Foster, Cynthia** - Southern Regional Health Authority
- **Gibson, Angella** - Senior Member
- **Gordon, Kal-Wayne** - Department of Correctional Services
- **Harris, Frances** - Senior Member
- **Haughton, Jaswick** - Southern Regional Health Authority
- **Laing, Samuel** - Department of Correctional Services
- **Maul, Madge** - Southern Regional Health Authority
- **Richards, Ivy** - Senior Member
- **Simms-Clarke, Claudia** - Bellevue Hospital

Yvonne E. Davis ACCA; FCCA

INDEPENDENT AUDITOR'S REPORT
 To the Members of
 THE JAMAICA CIVIL SERVICE THRIFT SOCIETY LIMITED
 (A Society registered under the Industrial and Provident Societies Act)

Independent Auditor's Report

Opinion

I have audited the financial statements of The Jamaica Civil Service Mutual Thrift Society Limited (The Society) as set out in this Report, and which comprise the Statement of Financial Position as at November 30, 2017, the Statements of Profit or Loss and other Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In my opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Society as at November 30, 2017, and of its Financial Performance and Cash Flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

I am independent of the Society in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and I have fulfilled my other ethical responsibilities in accordance with the IESBA Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Industrial and Provident Societies Act 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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, I exercise professional judgment

ment and maintain professional scepticism throughout the audit. I 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 my 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 Society'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 Society's ability to continue as a going concern. If I conclude that a material uncertainty exists I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Society 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 presents a true and fair view.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on additional matters as required by the Industrial and Provident Societies Act

I have obtained all the information and explanations which, to the best

of my knowledge and belief, were necessary for the purposes of my audit. In my opinion, proper accounting records have been maintained, so far as appears from my examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Industrial and Provident Societies Act, in the manner required.



Yvonne Davis
CHARTERED ACCOUNTANT

13 North Avenue
Kingston 5
June 12, 2017


Statement of Financial Position

As At November 30, 2017

	<u>Note</u>	<u>2017</u> \$	<u>2016</u> \$
ASSETS			
Earning assets			
Investments classified as available-for-sale	5	16,349,174	9,965,113
Investments classified as loans and receivables	6	45,137,865	42,795,156
Loans and interest owed by members	7	1,010,351,900	942,218,106
Cash and bank balances	8	6,219,706	4,472,170
		<u>1,078,058,645</u>	<u>999,450,545</u>
Non-earning assets			
Deferred tax asset	9	246,472	433,197
Property, plant and equipment	10	69,481,522	66,063,381
Other assets	11	5,643,114	6,430,569
Cash and bank balances	8	20,033,100	23,790,694
		<u>95,404,208</u>	<u>96,717,841</u>
TOTAL ASSETS		1,173,462,853	1,096,168,386
Assets of administered funds	12	<u>273,528,944</u>	<u>246,325,655</u>
TOTAL CONSOLIDATED ASSETS		<u>1,446,991,797</u>	<u>1,342,494,041</u>
LIABILITIES AND EQUITY:			
Liabilities			
Proposed dividends		15,600,940	9,188,503
Bank overdraft	8	-	1,792,751
Trade and other payables	13	36,315,538	45,923,224
With-holding tax		12,246,417	10,252,780
Income tax		3,202,335	6,029,571
		<u>67,365,230</u>	<u>73,186,829</u>
Long term advances	14	66,845,882	102,303,894
Long term loan	15	23,320,823	23,938,449
		<u>90,166,705</u>	<u>126,242,343</u>
Equity			
Share capital	16	925,045,318	821,866,383
General reserves	17	40,000,000	36,000,000
Fair value reserves	18	16,168,444	9,784,383
Capital reserves	19	551,195	551,195
Asset reserves	20	62,753	62,753
Retained earnings		34,103,208	28,474,500
		<u>1,015,930,918</u>	<u>896,739,214</u>
TOTAL LIABILITIES AND EQUITY		1,173,462,853	1,096,168,386
Administered funds	12	<u>273,528,944</u>	<u>246,325,655</u>
TOTAL CONSOLIDATED LIABILITIES AND EQUITY		<u>1,446,991,797</u>	<u>1,342,494,041</u>

The accompanying notes form an integral part of the Financial Statements.

The financial statements on pages 2 to 25 were approved and authorised for issue by the Committee of Management on May 16, 2018 and are signed on its behalf by:


Errol L. Miller
Chairman


Marva Pringle Kiminnies
1st Vice Chairman

Statement of Comprehensive Income

Year Ended November 30, 2017

	<u>Note</u>	<u>2017</u> \$	<u>2016</u> \$
Interest income			
Loans to members		167,402,613	153,101,228
Cash resources and investment securities		<u>2,957,747</u>	<u>2,523,628</u>
		170,360,360	155,624,856
Non-interest income			
Processing fees and other income	21	<u>11,202,442</u>	<u>10,906,207</u>
Total income		<u>181,562,802</u>	<u>166,531,063</u>
Operating expenses			
Staff costs	22	(85,617,895)	(80,074,342)
Other operating expenses	23	<u>(60,174,046)</u>	<u>(48,017,495)</u>
Total expenses		<u>(145,791,941)</u>	<u>(128,091,837)</u>
Surplus for the year before taxation		35,770,861	38,439,226
Income tax expense	24	<u>(3,771,466)</u>	<u>(6,700,010)</u>
Surplus for the year after taxation		31,999,394	31,739,216
Other comprehensive income for the year			
Items that may be reclassified to surplus or deficit:			
Net change in fair value of available-for-sale financial assets		<u>6,384,061</u>	<u>1,708,927</u>
Total Surplus and Other Comprehensive Income for the Year		<u><u>38,383,455</u></u>	<u><u>33,448,143</u></u>

The accompanying notes form an integral part of the Financial Statements.

Statement of Changes in Equity

As At November 30, 2017

	Share Capital	General Reserves	Fair Value Reserves	Capital Reserves	Asset Reserves	Retained Earnings	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2015	743,467,462	32,000,000	8,075,456	551,195	62,753.00	15,743,293	799,900,159
Comprehensive income							
Net surplus for the year	-	-	-	-	-	31,739,216	31,739,216
Other comprehensive income							
Revaluation of available-for-sale investments	-	-	1,708,927	-	-	-	1,708,927
Total comprehensive income	-	-	1,708,927	-	-	31,739,216	33,448,143
Transactions with members							
Under-provision for dividends 2015	-	-	-	-	-	(2,756,672)	(2,756,672)
Dividends 2016 (proposed)	-	-	-	-	-	(12,251,337)	(12,251,337)
Net issues and withdrawals	78,398,921	-	-	-	-	-	78,398,921
Total transactions with members	78,398,921	-	-	-	-	(15,008,009)	63,390,912
Transfer to general reserves	-	4,000,000	-	-	-	(4,000,000)	-
Balance as at November 30, 2016	821,866,383	36,000,000	9,784,383	551,195	62,753	28,474,500	896,739,214
Comprehensive income							
Net surplus for the year	-	-	-	-	-	31,999,394	31,999,394
Other comprehensive income							
Revaluation of available-for-sale investments	-	-	6,384,061	-	-	-	6,384,061
Total comprehensive income	-	-	6,384,061	-	-	31,999,394	38,383,455
Transactions with members							
Under-provision of dividends 2016	-	-	-	-	-	(1,569,433)	(1,569,433)
Dividends 2017 (proposed)	-	-	-	-	-	(20,801,253)	(20,801,253)
Net issues and withdrawals	103,178,935	-	-	-	-	-	103,178,935
Total transactions with members	103,178,935	-	-	-	-	(22,370,686)	80,808,249
Transfer to general reserves	-	4,000,000	-	-	-	(4,000,000)	-
Balance as at November 30, 2017	925,045,318	40,000,000	16,168,444	551,195	62,753	34,103,208	1,015,930,918

Statement of Cash Flows

Year Ended November 30, 2017

	Note	<u>2017</u> \$	<u>2016</u> \$
Surplus for the year before taxation			
Total surplus and other comprehensive income for the year:		38,383,455	33,448,143
Adjustments to reconcile total comprehensive income to net cash provided by operating activities:			
Gain on available for sale investments		(6,384,061)	(1,708,927)
Income Tax Expense		3,771,466	6,700,010
Depreciation		<u>1,903,297</u>	<u>1,651,762</u>
Operating cash flows before movements in working capital		37,674,157	40,090,988
(Increase)/decrease in current assets/liabilities			
Other assets		787,455	32,647,626
Trade and other payables		(9,607,686)	11,118,653
With-holding tax payable		<u>1,993,637</u>	<u>5,427,145</u>
		30,847,563	89,284,412
Income tax		<u>(2,827,236)</u>	<u>(3,034,428)</u>
Net cash provided by operating activities		28,020,327	86,249,984
Cash flows from investing activities			
Dividends paid		(19,542,990)	(13,044,179)
Loans and interest owed by members		(68,133,794)	(118,584,001)
Investments classified as loans and receivables		(2,342,709)	(2,341,015)
Acquisition of fixed assets		<u>(5,321,438)</u>	<u>(60,260,592)</u>
Net cash used in investing activities		(95,340,931)	(194,229,787)
Cash flows from financing activities			
Long term advances		(35,458,012)	23,321,157
Long term loan		(617,626)	23,938,449
Members' shares issues and withdrawals (net)		<u>103,178,935</u>	<u>78,398,921</u>
Net cash provided by financing activities		67,103,297	125,658,527
Increase in cash and cash equivalents		(217,307)	17,678,723
Net cash and cash equivalents at beginning of year		<u>26,470,113</u>	<u>8,791,390</u>
Net cash and cash equivalents at end of year	8	<u>26,252,806</u>	<u>26,470,113</u>
Comprised of:			
Cash and bank balances (earning assets)		6,219,706	4,472,170
Cash and bank balances (non-earning assets)		20,033,100	23,790,694
Bank overdraft		-	(1,792,751)
		<u>26,252,806</u>	<u>26,470,113</u>

The accompanying notes form an integral part of the Financial Statements

Notes to the Financial Statements

1. IDENTIFICATION

The Jamaica Civil Service Mutual Thrift Society Limited (the "Society") is incorporated under the Industrial and Provident Societies Act of Jamaica.

The principal activity of the Society is to receive savings from members in the form of shares, invests such amounts as considered appropriate and make loans to its members at reasonable rates of interest, and otherwise to assist members as may be necessary and expedient.

The Society's registered office is located at 10 Caledonia Avenue, Kingston 5.

Membership of the Society is limited to members of the Jamaica Civil Service Association who are:-

- (a) (i) Employees of the public service on a permanent basis;
- (ii) Employees of Executive Agencies and other Parastatal Bodies (statutory bodies and Government companies) who are permanently employed and whose application shall be approved at the discretion of the Committee of Management;
- (b) Pensioners of the public service and executive agencies;
- (c) Other societies registered under the Industrial and Provident Societies Act whose membership is limited to members of the Jamaica Civil Service Association, such member of the Society being deemed a person for the purpose of this rule and other rules of the Society in so far as the same may apply.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the relevant requirements of the Industrial and Provident Societies Act.

New, revised and amended standards and interpretations effective during the year

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Management of the Society has reviewed all such standards, interpretations and amendments and has adopted, where appropriate, those standards which are considered relevant. However, those adopted do not have any significant impact on the presentation, or disclosures in the financial statements or the reported financial performance or position.

New, revised and amended standards and interpretations not yet effective

At the date of authorization of these financial statements, certain new, revised and amended standards, interpretations and amendments were in issue but not effective for the financial period being reported on. The Society has assessed the relevance of all such new standards, interpretations, and amendments and will adopt in future periods those which are considered relevant to its operations.

The statements have been prepared on the historical cost basis, except for those financial instruments that have been valued at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented unless otherwise stated.

These financial statements are expressed in Jamaican dollars which is the functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Instruments

Financial assets and financial liabilities are recognised when the Society becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All financial assets are recognised and unrecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: 'loans and receivables', and available-for-sale' (AFS) financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Income is recognised on an effective interest rate basis for debt instrument other than those assets classified as fair value through profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as a FVTPL.

Financial assets at FVTPL are recognised at fair value based on quoted bid prices with any gain or loss arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets.

There were no such classification during the year.

Receivables

Receivables are stated at their nominal value as reduced by appropriate allowance for estimated irrecoverable amounts. These irrecoverable amounts are recognized in the income statement.

Loans

Loans are recognized when cash is advanced to members. They are initially recorded at cost, which is the cash given to originate the loan, including any transaction costs, and subsequently measured at amortized cost using the effective interest rate method. Interest is recognised by applying the effective interest rate. Loans are reviewed monthly for signs of impairment.

A provision for impairment is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due according to the original contractual terms will not be collected. When a loan has been identified as impaired, the carrying amount of the loan is reduced by recording specific provisions for credit losses to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan. When a loan has been identified as being impaired, management immediately exercise its options under the contractual terms. These options include but are not limited to, the right of off-set against shares, recovery from guarantors or recover from the Loans Redemption Fund.

A loan is classified as non-performing when, in management's opinion there has been deterioration in credit quality to the extent that there is no longer reasonable assurance of timely collection of the full amount of principal and interest. Loan repayments outstanding for over 30 days are considered past due.

Investments

Investments are recognized and de-recognized on a trade date basis and are classified as available-for-sale securities and loans and receivables. Available-for-sale securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates, or market prices. They are initially recognized at fair value, which includes transaction costs, and subsequently re-measured at fair value based on quoted bid prices. Where fair values cannot be reliably determined, available-for-sale securities are carried at cost less provision for impairment. Gains and losses arising from changes in fair value of available-for-sale securities are recognized in members' equity until the security is disposed of, or is determined to be impaired. When the securities are disposed of or is determined to be impaired, the cumulative gains or losses previously included in members' equity are transferred to the income statement.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than held for trading or designated on initial recognition as assets at fair value through profit or loss or as available-for-sale. Loans and receivables for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, should be classified as available-for-sale. Loans and receivables are measured at amortised cost.

Cash & cash equivalents

Cash and cash equivalents comprise cash on hand, bank current and savings accounts, and bank deposits free of encumbrances and having maturity dates of three months or less from the respective dates of deposit.

Securities purchased under resale agreements

Securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised lending transactions. The difference between the purchase and resale price is treated as interest income and is accrued over the life of the resale agreements using the effective yield method.

Derecognition of financial assets

The Society derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, either by death or full repayment.

Financial liabilities and equity instruments issued by the Society

These are classified as debt or equity.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Society are recorded at the proceeds received, net of direct issue costs. It is the Society's policy to recognize members' contributions as equity.

Financial liabilities

Financial liabilities carried in the statement of financial position are trade payables and other accounts payable and are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Society derecognises financial liability when, and only when, the Society's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss for the period.

Borrowings

These comprise loans from the Shares Enhancement Fund and Loans Redemption Fund. These are recorded using proceeds received.

(b) Plant and equipment

Plant and equipment comprising office furniture and equipment including computers held for administrative purposes and motor vehicle are recorded at historical or deemed cost, less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost of assets over the estimated useful lives using the straight-line method.

The gain or loss arising on disposal or retirement of an item of furniture and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income. Repairs and renewals are charged to income when the expenditure is incurred.

At the end of each reporting period the Society reviews the carrying amounts of these assets to determine whether there is any indication that the assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the society estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(c) Impairment of tangible assets

At the end of each reporting period, the Society reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, and the impairment loss is recognized in the income statement as an expense.

Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that increased carrying amount does not exceed the carrying amount of the asset before the impairment loss was recognized in the prior year. A reversal of impairment loss is recognized in the income statement as an income.

(d) Foreign currency translation

The financial statements are presented in Jamaican dollars, the currency of the primary economic environment in which the Society operates (its functional currency).

In preparing the financial statements of the Society, transactions in currencies other than the Society's functional currency, are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair values that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences are recognised in profit or loss in the period in which they arise.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for services provided in the normal course of business.

Interest income

Interest income is recognized in the statement of comprehensive income for all interest bearing instruments when earned. Interest income includes interest on members' loans, interest on fixed investments and interest on savings.

Dividend revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Society and the amount of revenue can be measured reliably).

Processing fees and commission income

Processing fees and commission income is generally recognised on an accruals basis when the service has been provided. This consists of loan processing fees and fees charged in connection with Administered Funds.

(f) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred taxes are recognised as expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly to equity.

(g) Employee benefits

Pension scheme costs

The Society operates a defined contribution pension scheme (Note 21) of which the assets are held in a separate trustee administered fund. Contributions to the scheme are fixed and are made on the basis of pre-established agreed amounts between the Society and employees. Contributions are charged to the statement of comprehensive income.

Other employee benefits

Employee entitlement to annual leave and other benefits are recognized when they accrue to the employee. A provision is made for the estimated liability for annual leave and other benefits as a result of services rendered by employees up to the balance sheet date. The Society also maintains a group life policy for staff members. Payment of premiums are based on the contractual arrangements of the policy and are recognized in the statement of income and expenses due.

(h) Related party transactions and balances

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 and operating decisions. Related party transactions and balances are recognized and disclosed for key management personnel, that is those persons having authority and responsibility for planning, directing and controlling the activities of the entity, including directors, officers and close members of the families of these individuals.

(i) Provisions

Provisions are recognized when the Society has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured at the directors' and management's best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

(j) Share Capital:

This is recorded as proceeds received from members to facilitate:

- membership with the society
- loan borrowing and other benefits

In accordance with the rules of the Industrial and Provident Societies Act, the Society classifies these amounts as capital.

(k) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Society as a lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The Society is party to an operating lease arrangement with JCSA Limited for office space.

(l) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Society's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The directors and management believe there were no judgments that had a significant effect on the amounts recognised in the financial statements or could cause material adjustments to the carrying amounts of assets and liabilities.

Key sources of estimation uncertainty

Management has not made any key assumptions concerning the future or other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

5. INVESTMENTS CLASSIFIED AS AVAILABLE-FOR-SALE

	2017	2016
(a) Available-for-sale securities include the following classes of financial assets:	\$	\$
Quoted Equity:		
NCB Jamaica Ltd.	2,338,232	1,306,858
BNS Jamaica Ltd.	14,010,882	8,658,195
	<u>16,349,114</u>	<u>9,965,053</u>
(b) Available-for-sale securities at cost.		
Unquoted Equity:		
JCSA Limited	60.00	60
	<u>16,349,174</u>	<u>9,965,113</u>

Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair values is provided in Note 28. None of the available-for-sale financial assets is impaired. All available-for-sale financial assets are denominated in Jamaica dollars.

6. INVESTMENTS CLASSIFIED AS LOANS AND RECEIVABLES

	<u>2017</u>	<u>2016</u>
	\$	\$
Loans and receivables - at amortised cost		
Government of Jamaica and Bank of Jamaica Bonds	29,177,452	29,177,452
Repurchase Agreements	<u>15,960,413</u>	<u>13,617,704</u>
	<u>45,137,865</u>	<u>42,795,156</u>

(a) The Society entered into reverse repurchase agreements collateralised by Government of Jamaica securities. These agreements may result in credit exposure in the event that the counter party to the transaction is unable to fulfill its contractual obligations.

(b) The capital outlay on these bonds are expected to remain at par and interest earned are carried in the statement of comprehensive income.

(c) The fair value of loans and receivables are not significantly different from their amounts.

7. LOANS AND INTEREST OWED BY MEMBERS

	<u>2017</u>	<u>2016</u>
	\$	\$
Loans	1,012,359,960	945,698,411
Interest receivable	<u>10,527,788</u>	<u>8,132,257</u>
	1,022,887,748	953,830,668
Provision for impairment	<u>(350,424)</u>	<u>(350,424)</u>
	1,022,537,324	953,480,244
Less: Amounts over-recovered	<u>(12,185,424)</u>	<u>(11,262,138)</u>
	<u>1,010,351,900</u>	<u>942,218,106</u>
Maturity:		
Due within 1 year	123,041,674	114,642,370
Due after 1 year	<u>887,310,226</u>	<u>827,575,736</u>
	<u>1,010,351,900</u>	<u>942,218,106</u>

Over-recoveries represent surplus funds paid in by members, the amounts are repayable on demand.

Before approving a loan to a member the Society uses a credit scoring system to assess the potential member's credit quality and defines limits by members. The credit scoring system used incorporates objective criteria of credit analyses that can be quantified and uses several (weighted) variables. There is a set minimum score that must be achieved from key sections, and an overall benchmark score to assess members' eligibility. The loans to members that are neither past due nor impaired have the best credit scoring. There is no member whose balance represents more than 5% of the total balance of loans to members.

Allowance for impairment determined under the requirements of IFRS

Loans to members include balances with a carrying amount of \$7,125,874 (2016: \$5,359,526) which are past due at the reporting date for which the Society has not provided as there has not been a significant change in the members' credit quality and the amounts are still considered recoverable. The Society has not made any provision for impairment based on the arrangements in place for the recovery of any impaired loan.

Ageing of past due but not impaired

	<u>2017</u>	<u>2016</u>
	\$	\$
30 - 90 days	914,035	872,684
91 - 180 days	1,800,230	529,835
180 - 270 days	396,086	846,480
271 - 364 days	852,148	975,024
365 days and over	<u>3,163,375</u>	<u>2,135,503</u>
	<u>7,125,874</u>	<u>5,359,526</u>

Movement for the allowance for impairment

Balance at beginning / end of period	(350,424)	(350,424)
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8. CASH AND BANK BALANCES

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
Earning assets	6,219,706	4,472,170
Non-earning assets	<u>20,033,100</u>	<u>23,790,694</u>
	<u>26,252,806</u>	<u>28,262,864</u>

Reconciliation to cash flows:

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Balance as above	26,252,806	28,262,864
Bank overdraft	-	<u>(1,792,751)</u>
Balances per statement of cash flows	<u>26,252,806</u>	<u>26,470,113</u>

9. DEFERRED TAXATION

The following is an analysis of the deferred tax balances as at November 30:

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
Deferred tax liabilities	335,016	252,863
Deferred tax assets	<u>(581,487)</u>	<u>(686,060)</u>
	<u>(246,472)</u>	<u>(433,197)</u>

Deferred taxes are calculated on all temporary differences under the liability method using a tax rate of 25%. The movement on the deferred tax account is as follows:

	<u>\$</u>	<u>\$</u>
Balance at December 1, 2015	(611,376)	(673,406)
Credited to income for year	<u>178,179</u>	<u>62,030</u>
Balance at November 30, 2016	(433,197)	(611,376)
Credited to income for year	<u>186,725</u>	<u>178,179</u>
Balance at November 30, 2017	<u>(246,472)</u>	<u>(433,197)</u>

The balance comprises temporary differences attributable to the following:

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
Accelerated depreciation for tax purposes	<u>(246,472)</u>	<u>(433,197)</u>

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following

	Land	Leasehold Improvement	Furniture & Fixtures	Computer Equipment	Office & Other Equipment	Motor vehicles	Total
At cost	\$	\$	\$	\$	\$	\$	\$
December 1, 2015	-	422,876	2,550,537	8,841,986	7,248,296	1,787,366	20,851,061
Additions	57,815,050	934,696	152,225	582,262	776,359	-	60,260,592
December 1, 2016	57,815,050	1,357,572	2,702,762	9,424,248	8,024,655	1,787,366	81,111,653
Additions	2,066,977	-	1,112,903	330,549	1,811,009	-	5,321,438
November 30, 2017	59,882,027	1,357,572	3,815,665	9,754,797	9,835,664	1,787,366	86,433,091
Depreciation							
December 1, 2015	-	10,572	2,296,971	7,463,460	2,910,561	714,946	13,396,510
Charge for the year	-	33,939	88,587	449,008	722,755	357,473	1,651,762
December 1, 2016	-	44,511	2,385,558	7,912,468	3,633,316	1,072,419	15,048,272
Charge for the year	-	33,939	128,031	524,779	859,075	357,473	1,903,297
November 30, 2017	-	78,450	2,513,589	8,437,247	4,492,391	1,429,892	16,951,569
Net Book Values							
November 30, 2017	59,882,027	1,279,122	1,302,076	1,317,550	5,343,273	357,474	69,481,522
November 30, 2016	57,815,050	1,313,061	317,204	1,511,780	4,391,339	714,947	66,063,381
November 30, 2015	-	412,304	253,566	1,378,526	4,337,735	1,072,420	7,454,551

The following rates are used in the calculation of depreciation:

Leasehold Improvement	2 1/2%
Furniture and Fixtures	10%
Computer Equipment	20%
Office and Other Equipment	10%
Motor Vehicle	20%

11. OTHER ASSETS

This comprise:	2017	2016
	\$	\$
Receivables and prepayments	5,643,114	6,430,569

12 ADMINISTERED FUNDS

Administered funds represent funds managed by the Society which is not intermingled with its own cash resources. These Comprise:

- (a) **Loans Redemption Fund**
The loans redemption fund was established in 1971 to provide a fund from which any loan balance owing by a member at time of death or permanent disability would be settled.
- (b) **Shares Enhancement Fund**
The shares enhancement fund was created in 1991 to provide for payment to a beneficiary of twice the judgements holding of a member in the event of death or permanent disability. The monthly contribution of this fund is eighty cents in the \$1,000 of shareholding and is paid entirely by the Society.
- (c) **Staff Loan Fund**
This represents funds held to facilitate small staff loans. The amount is initially established with funds from the Thrift.

Assets of Administered Funds

	Loans Redemption Fund	Shares Enhancement Fund	Staff Loan Fund	Total 2017	Total 2016
	\$	\$	\$	\$	\$
Cash and Bank	51,085,945	16,549,127	159,959	67,795,031	22,136,416
Loans Receivable	73,127,233	30,654,746	3,471,900	107,253,879	158,866,367
Interest Receivable	-	-	-	-	53,054
Government Securities	69,349,641	11,608,057	-	80,957,698	50,287,841
Income Fund	14,448,715	-	-	14,448,715	13,985,856
With-holding Tax	9,483,170	4,905,395	-	14,388,565	13,468,764
Accounts Payable	(10,066,097)	(1,098,847)	(150,000)	(11,314,944)	(12,472,643)
	207,428,607	62,618,478	3,481,859	273,528,944	246,325,655

Funds

	Loans Redemption Fund	Shares Enhancement Fund	Staff Loan Fund	Total 2017	Total 2016
	\$	\$	\$	\$	\$
Balance as at December 1	186,322,584	56,600,179	3,402,892	246,325,655	220,969,989
Net income for the year	21,106,023	6,018,299	78,967	27,203,289	25,355,666
Balance as at November 30	207,428,607	62,618,478	3,481,859	273,528,944	246,325,655

13. TRADE AND OTHER PAYABLES

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
Loans Redemption Fund (Current Portion)	16,080,702	27,577,270
Long Term Loan (Current Portion)	617,975	538,284
Unclaimed shares	752,016	649,840
Other	18,864,845	17,157,830
	<u>36,315,538</u>	<u>45,923,224</u>

Due to the short term nature of trade and other payables, the carrying amounts of these balances will approximate their fair value.

14. LONG TERM ADVANCES

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
Loans Redemption Fund	63,522,806	109,731,164
Less: Current Portion	(16,080,702)	(27,577,270)
Shares Enhancement Fund	19,403,778	20,150,000
	<u>66,845,882</u>	<u>102,303,894</u>

These represent funds advanced to the Thrift from the Loans Redemption Fund. These advances are repayable over five (5) years and will attract interest at 6% per annum commencing with financial year 2016.

15. LONG TERM LOAN

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
Victoria Mutual Building Society Limited	23,938,798	24,476,833
Less: Current Portion	(617,975)	(538,384)
	<u>23,320,823</u>	<u>23,938,449</u>

This represents loan received in 2016 to acquire property located at 12 Caledonia Avenue. This loan is repayable over fifteen (15) years at the rate of 14% per annum.

16. SHARE CAPITAL

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
The movement in share capital is as follows:		
Balance at December 1	821,866,383	743,467,462
Net Issue and Withdrawal	103,178,935	78,398,921
Balance at November 30	<u>925,045,318</u>	<u>821,866,383</u>

17. GENERAL RESERVES

This represents appropriation of a portion of profits as approved at the Annual General Meeting by the members.

18. FAIR VALUE RESERVES

This represents unrealised surplus or deficit on the revaluation of available-for-sale investments.

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
	<u>(16,168,444)</u>	<u>(9,784,383)</u>

19. CAPITAL RESERVES

This represents capitalisation of profit on sale of assets in 2002 and 2004 and discount on the acquisition of asset.

20. ASSET RESERVES

This represents reserve created as a result of a gift (a sealing machine) which is capitalized on the books of the Thrift.

21. PROCESSING FEES AND OTHER INCOME

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
This consist of the following:		
Processing fees and service charges	8,846,940	7,416,636
Other Income	2,355,502	3,489,571
	<u>11,202,442</u>	<u>10,906,207</u>

22. STAFF COSTS

	<u>2017</u>	<u>2016</u>
Staff costs incurred during the year in respect of employees were:	<u>\$</u>	<u>\$</u>
Salaries, wages and allowances	64,018,168	59,753,731
Statutory costs	6,216,007	5,774,468
Staff Welfare	15,383,720	14,546,143
	<u>85,617,895</u>	<u>80,074,342</u>

23. OTHER EXPENSES

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
General meeting	1,440,215	1,546,241
Advertising and publicity	1,924,404	1,322,854
Bond and office insurance	187,623	388,699
Data processing	5,118,435	3,179,033
Company fees	229,864	289,371
Committee expenses	14,665,285	11,562,573
Donations	494,740	512,032
Motor vehicle expenses	707,840	510,562
Office supplies	1,219,453	1,554,388
Postage and stationery	1,165,031	1,171,182
Repairs and maintenance	2,909,786	1,727,276
Training of staff	299,200	333,705
Telephone	1,188,812	1,106,751
Water charges	293,954	321,020
Scholarship	700,000	520,000
Customer appreciation/Anniversary celebrations	664,342	580,114
Audit fees	1,500,000	1,320,000
Gratuity	1,900,000	-
Electricity	3,173,434	3,230,025
Honorarium	60,000	420,000
Retirement benefits	222,617	222,601
Rental	1,260,000	1,200,000
Janitorial and security services	1,476,028	1,218,406
Bank charges	715,244	520,683
Other loan charges	5,817,914	3,637,042
Shareholder's insurance	8,233,003	7,971,175
Bad debts	703,525	-
Depreciation	1,903,297	1,651,762
	<u>60,174,046</u>	<u>48,017,495</u>

24. TAXATION

Taxation is based on the profits for the year as adjusted for tax purposes and is made up as follows:

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
i) Current		
Income Tax at 25%	3,584,741	6,521,831
ii) Deferred / future		
Deferred income tax credit	186,725	178,179
	<u>3,771,466</u>	<u>6,700,010</u>

Income tax is calculated at 25% of the taxable profit for the year.

25. PROPOSED DIVIDEND

In accordance with Rule 22(c) of the Thrift, a dividend of 2.50% payable on shares held at November 30, 2017 was declared. The dividend would be paid to shareholders on the register of members as at November 30, 2017.

26. PENSION SCHEME

The permanent employees of the Society are members of the Contributory Pension Scheme. The present administrator of the Scheme is Sagicor Life Jamaica Limited. Pension benefits are based on contributions plus accumulated interest; accordingly, the Society's liability is restricted to its contributions.

On retirement, the member will be entitled to the pension purchased under the scheme. Provision is made for certain options such as a lump sum payment and a reduced pension. The Society's Contribution for the year amounted to \$5,102,320 (2016 - \$4,859,925).

The Society also fully maintains a Group Life policy for Staff Members. This Policy provides a Death and Dismemberment Benefit. The cost to the Society for the year amounted to \$1,088,683 (2016 - \$864,914).

27. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions and balances with related parties are as follows:	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
(a) Loans		
Loans outstanding from members of the Committee of Management	3,011,260	2,735,250
(b) Compensation of key management personnel		
Travelling and allowances paid to members of the Committee of Management and Senior Staff during the year -		
Travelling and allowances	<u>12,151,000</u>	<u>10,086,000</u>

28. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of observable's asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	<u>2017</u>	<u>2016</u>
	<u>\$</u>	<u>\$</u>
Financial assets		
Loans and receivables at amortised cost	<u>45,137,865</u>	<u>42,795,156</u>
Cash Resources	26,252,806	26,470,113
Loans to members (net of allowance for impairment)	<u>1,010,351,900</u>	<u>942,218,106</u>
	<u>1,036,604,706</u>	<u>968,688,219</u>
Available for sale financial assets at market value	16,349,114	9,965,053
Available for sale financial asset at cost	60	60
	<u>1,098,091,745</u>	<u>1,021,448,488</u>
Financial liabilities (at amortised cost)		
Trade and other payables	<u>36,315,538</u>	<u>45,923,224</u>

Financial risk management policies and objectives

By its nature the Society's activities are principally related to the use of financial instruments. The Society accepts shares from members and makes loans available to them for varying periods at competitive rates. The Society also seeks to supplement its revenue base by investing a portion of members' funds in financial instruments where it takes advantage of competitive market interest rates in repos and capital appreciation in equity, and maintain sufficient liquidity to meet all its claims that might fall due.

(a) Credit risk

Credit risk is the risk that borrowers or other counterparties will cause a financial loss for the Society by failing to discharge their contractual obligations, and that any collateral provided does not cover claims. This risk arises principally from the Society's lending activities. The risk on these loans is not considered significant based on the options for recovery, which are available to the Society.

The Society's principal financial assets are its members' loans receivable, cash, and cash equivalents, and equity instruments which represent the Society's maximum exposure to credit risk in relation to financial assets.

The Society's credit risk is primarily attributable to its members' loans receivable. The amounts presented in the statement of financial position are net of allowances for doubtful debts, estimated by the Society's management based on prior experience and their assessment of the current environment.

The Society's risk is managed primarily by monthly reviews of the financial status of each member/obligator. Exposure to risk is also managed in part by obtaining personal guarantees (co-making), and the setting up of various funds to mitigate the effects of foreseeable risks.

Maximum exposure to credit risk before collateral held or other credit enhancements are as follows:

	<u>2017</u> \$	<u>2016</u> \$
Loans and interest owed by members (net)	1,010,351,900	942,218,106
Investments classified as loans and receivables	45,137,865	42,795,156
Investments classified as available-for-sale	16,349,174	9,965,113
Cash and bank balances	26,252,806	28,262,864
	<u>1,098,091,745</u>	<u>1,023,241,239</u>

Concentration of risk

The following table summarises the Society's credit exposure for loans at their carrying amounts, as categorised by class of loans:

	<u>2017</u> \$	<u>2016</u> \$
Committee	555,008,450	550,611,142
Cash	152,176,380	138,190,239
Emergency	121,542,140	113,728,542
Consolidation	77,759,551	71,774,619
Education	72,433,070	50,844,351
Information Technology	9,306,478	7,087,526
Surety	4,819,030	3,729,427
Motor Vehicle	19,290,127	9,590,986
Computer	24,734	141,579
	<u>1,012,359,960</u>	<u>945,698,411</u>
Accrued Interest	10,527,788	8,132,257
	<u>1,022,887,748</u>	<u>953,830,668</u>
Less: Provision for bad debts	(350,424)	(350,424)
Less:Over-recoveries	(12,185,424)	(11,262,138)
	<u>1,010,351,900</u>	<u>942,218,106</u>

Financial risk management policies and objectives

(a) Credit risk (cont'd)

Investments

The following summarises the Society's credit exposure for investments:

	<u>2017</u> \$	<u>2016</u> \$
Quoted equities	16,349,114	9,965,053
Repurchase agreements	15,960,413	13,617,704
Government of Jamaica bonds	29,177,452	29,177,452
	<u>61,486,979</u>	<u>52,760,209</u>

(b) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. The objective of market risk management is to monitor and control market risk exposures within acceptable parameters while optimising return on investments.

Currency risk

Currency or foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates and arises mainly from the Society's investment portfolio.

The Society's exposure to foreign currency risk at the date of the statement of financial position was as follows:

Investments

	<u>2017</u>		<u>2016</u>	
	<u>US\$</u>	<u>J\$</u>	<u>US\$</u>	<u>J\$</u>
246283.34				
Repurchase Agreements	106,049	13,370,606	95,429	12,314,167

Over the twelve month period ended November 30, 2017 there was a 2% revaluation in the exchange rate against its United States counterpart. The devaluation since the date of the statement of financial position is approximately 2%.

The strengthening or weakening of the Jamaican dollar by 2% would have increased/reduced income and reserves by \$267,412 (2016 - \$246,283). The analysis assumes that all other variables, in particular, interest rates, remain constant.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, and arise mainly from investments and loans.

Floating interest rate instruments expose the Society to cash flow interest rate risk, whereas fixed interest rate instruments expose the Society to fair value interest rate risk. Due to the fact that interest rates on the Society's Short-term deposits are fixed up to maturity, the impact on the Society's operations resulting from fluctuations in interest on investments would be insignificant.

The Society's interest rate policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments as determined by the Committee of Management. The policy also requires it to manage the maturities of interest-bearing financial assets and liabilities.

Financial risk management policies and objectives**(c) Liquidity risk**

Liquidity refers to the ability to meet financial obligations and to fund the growth of assets. Liquidity risk is the risk of not being able to obtain funds at a reasonable price within a time period to meet obligations as they come due. Liquidity management includes estimating and satisfying the liquidity requirements of the Society in the most cost effective way. The Society's policy is to hold a high proportion of liquid assets to cover withdrawals at unexpected levels of demand.

(d) Fair values of financial assets and financial activities

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. A market price, where an active market (such as a recognised stock exchange) exists, is the best evidence of the fair value of a financial instrument. Where market prices are not available for some of the financial assets and liabilities of the Society, the fair values of those assets and liabilities have been presented in these financial statements using various estimation techniques based on market conditions existing at end of the reporting period. Generally, judgment is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these financial statements are not necessarily indicative of the amounts that the Society would realise in a current market exchange.

The values derived using these techniques are significantly affected by underlying assumptions concerning both the amounts and timing of future cash flows and the discount rates used. The following methods and assumptions have been used:

- (i) The carrying values of cash and cash equivalents, securities purchased under agreements to resell, other assets, and other liabilities maturing within twelve months are assumed to approximate the fair values because of the short-term maturity of these instruments.
- (ii) The fair values of available-for-sale and fair value through profit or loss investment securities are carried at fair values. The fair values of quoted shares are determined based on published quotation of the bid prices existing at the end of the reporting period. The fair values of available-for-sale debt securities are determined in accordance with generally accepted pricing models using prices from observable's current market transactions.
- (iii) The fair values of loans to members are estimated based on the expected future cash flows discounted at market interest rates for similar loans at year end. The carrying values of loans to members approximate the fair values of these loans, since the interest rate charged on these loans are equivalent to the interest rates of similar loans at year end.
- (iv) The fair values of the Society's holding of unquoted shares has not been determined as there is no active market for these shares.

Fair value measurements recognised in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2017		
	Level 1 \$	Level 2 \$	Level 3 \$
Loans and receivables - at amortised cost			
Government of Jamaica and Bank of Jamaica Bonds	-	29,177,452	-
Repurchase Agreements	-	15,960,413	-
Available-for-sale securities			
Quoted equity	16,349,114	-	-
Un-Quoted equity	-	-	60
	<u>16,349,114</u>	<u>45,137,865</u>	<u>60</u>
	2016		
	Level 1 \$	Level 2 \$	Level 3 \$
Loans and receivables - at amortised cost			
Government of Jamaica and Bank of Jamaica Bonds	-	29,177,452	-
Repurchase Agreements	-	13,617,704	-
Available-for-sale securities			
Quoted equity	9,965,053	-	-
Un-Quoted equity	-	-	60
	<u>9,965,053</u>	<u>42,795,156</u>	<u>60</u>

There were no transfers between Level 1, Level 2 and Level 3 in the period.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the society is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

All gains and losses included in other comprehensive income relate to available-for-sale debt securities held at the end of the reporting period and are reported as changes of 'Fair Value Reserve'.

29. COMPARATIVES

Certain balances in the prior year financial statements were reclassified to accord with current year's presentation.

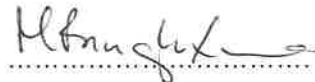
Shares Enhancement Fund - Balance Sheet

As At November 30, 2017

	Note	2017 \$	2016 \$
Assets			
Cash and cash equivalents	1	16,549,127	9,321,595
Government Securities	2	11,608,057	11,697,801
Accounts Receivable	3	30,654,746	32,341,569
Withholding Tax		4,905,395	4,308,348
		<u>63,717,325</u>	<u>57,669,313</u>
Liabilities			
Accounts Payable		1,098,847	1,069,134
		<u>62,618,478</u>	<u>56,600,179</u>
Representing			
Revaluation Reserve		33,584	33,584
Shares Enhancement Fund		62,584,894	56,566,595
		<u>62,618,478</u>	<u>56,600,179</u>



Errol L. Miller
Chairman



Marva Pringle-Ximinnies
1st Vice Chairman

Shares Enhancement Fund - Income & Expenditure

Year Ended November 30, 2017

	2017 \$	2016 \$
INCOME		
Contributions	8,851,653	7,971,175
Interest on Investment	192,202	786,968
	<u>9,043,855</u>	<u>8,758,143</u>
Expenditure		
Honorarium	40,000	-
Administrative Charges	887,412	848,817
Settlement Claims	2,098,144	2,724,946
	<u>3,025,556</u>	<u>3,573,763</u>
Net Income	6,018,299	5,184,380
Accumulated Fund: 01.12.16	56,566,595	51,382,215
Accumulated Fund: 30.11.17	<u>62,584,894</u>	<u>56,566,595</u>

Loans Redemption Fund - Balance Sheet

As At November 30, 2017

	Note	2017 \$	2016 \$
Assets			
Cash and Cash Equivalents	1	51,085,945	12,707,306
Government Securities	2	69,349,641	38,590,040
Scotia DBG:			
Premium Fixed Income Fund		6,475,124	6,015,281
Caribbean Income Fund		7,973,591	7,970,575
Loans Receivable	3	73,127,233	122,779,421
Interest Receivable		-	53,054
Withholding Tax		9,483,170	9,160,416
		<u>217,494,704</u>	<u>197,276,093</u>
Liabilities			
Accounts Payable	4	<u>10,066,097</u>	<u>10,953,509</u>
		<u>207,428,607</u>	<u>186,322,584</u>
Representing			
Revaluation Reserve		44,476	44,476
Loans Redemption Fund		<u>207,384,131</u>	<u>186,278,108</u>
		<u>207,428,607</u>	<u>186,322,584</u>



Errol L. Miller
Chairman



Marva Pringle-Ximinnies
1st Vice Chairman

Loans Redemption Fund - Income & Expenditure

Year Ended November 30, 2017

	2017 \$	2016 \$
INCOME		
Contributions	23,960,012	24,345,102
Interest on Investments	2,098,093	1,886,620
	26,058,105	26,231,722
Expenditure		
Bank Charges	26,626	17,548
Administrative Charges	2,427,778	2,273,083
Settlement Claims	2,497,678	3,838,873
	4,952,082	6,129,504
Net Income	21,106,023	20,102,218
Accumulated Fund: 01.12.16	186,278,108	166,175,890
Accumulated Fund: 30.11.17	207,384,131	186,278,108

Notes To Loans Redemption Fund

Year Ended November 30, 2017

1. CASH AND CASH EQUIVALENTS		
	<u>2017</u>	<u>2016</u>
	\$	\$
Cash at Bank	<u>51,085,945</u>	<u>12,707,306</u>
2. GOVERNMENT SECURITIES		
	<u>2017</u>	<u>2016</u>
	\$	\$
This comprise:		
GOJ Repos	10,000,000	10,000,000
GOJ Stocks	<u>59,349,641</u>	<u>28,590,040</u>
	<u>69,349,641</u>	<u>38,590,040</u>
3. LOANS RECEIVABLE		
	<u>2017</u>	<u>2016</u>
	\$	\$
Jamaica Civil Service Mutual Thrift Society Limited	63,522,806	109,731,164
Staff Loan Fund	150,000	450,000
JCSA Limited	<u>9,454,427</u>	<u>12,598,257</u>
	<u>73,127,233</u>	<u>122,779,421</u>
4. ACCOUNTS PAYABLE		
	<u>2017</u>	<u>2016</u>
	\$	\$
Shares Enhancement Fund	<u>10,066,097</u>	<u>10,953,509</u>

Notes To Share Enhancement Fund

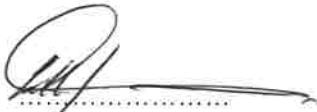
Year Ended November 30, 2017


1. CASH AND CASH EQUIVALENTS		
	<u>2017</u>	<u>2016</u>
	\$	\$
Cash at Bank	<u>16,549,127</u>	<u>9,321,595</u>
2. GOVERNMENT SECURITIES		
	<u>2017</u>	<u>2016</u>
	\$	\$
This comprise:		
GOJ Stocks	<u>11,608,057</u>	<u>11,697,801</u>
3. ACCOUNTS RECEIVABLE		
	<u>2017</u>	<u>2016</u>
	\$	\$
Jamaica Civil Service Mutual Thrift Society Limited	19,403,778	20,150,000
Insurance Premium Receivable	1,184,871	1,186,066
Loans Redemption Fund	10,066,097	10,953,509
Other	-	51,994
	<u>30,654,746</u>	<u>32,341,569</u>

Staff Loan Fund - Balance Sheet

As At November 30, 2017

	2017 \$	2016 \$
Current Assets		
Staff Loans	3,471,900	3,745,377
Bank Balance	<u>159,959</u>	<u>107,515</u>
	<u>3,631,859</u>	<u>3,852,892</u>
Current Liabilities		
Loans Redemption Fund	<u>150,000</u>	<u>450,000</u>
	<u>3,481,859</u>	<u>3,402,892</u>
Representing		
Retained Income	<u>3,481,859</u>	<u>3,402,892</u>


 Errol L. Miller
 Chairman


 Marva Pringle-Ximinnies
 1st Vice Chairman

Staff Loan Fund - Detailed Income & Expenditure Account

Year Ended November 30, 2017

	2017 \$	2016 \$
Gross Income		
Interest on Loans	<u>110,022</u>	<u>118,091</u>
Expenditure		
Bank Charges	12,278	12,164
Interest on Loans	<u>18,777</u>	<u>36,855</u>
	<u>31,055</u>	<u>49,019</u>

INCOME AND EXPENDITURE ACCOUNT YEAR ENDED NOVEMBER 30, 2017

	2017 \$	2016 \$
Gross Income	110,022	118,091
Gross Expenditure	<u>31,055</u>	<u>49,019</u>
Net Income	78,967	69,072
Retained Income 1.12.16	<u>3,402,892</u>	<u>3,333,820</u>
Retained Income 30.11.17	<u>3,481,859</u>	<u>3,402,892</u>

