

ST. JOHN'S CREDIT UNION LIMITED

*Financial Statements for the Years Ended
March 31, 2023 and 2022 and Independent
Auditors' Report*

ST. JOHN'S CREDIT UNION LIMITED

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors and Members of:
St. John's Credit Union Limited**

Opinion

We have audited the financial statements of St. John's Credit Union Limited which comprise the statements of financial position as at March 31, 2023 and 2022, and the statements of income and expenses, statements of changes in fund balances and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of St. John's Credit Union Limited as at March 31, 2023 and 2022, and of its financial performance and its cash flows for the years then ended in accordance with the modified cash basis of accounting.

Basis for Opinion

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

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2A to the financial statements, which describes the modified cash basis of accounting used to prepare the financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, 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 St. John's Credit Union Limited'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 St. John's Credit Union Limited or to cease operations, or has no realistic alternative but to do so.

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

We communicate with 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 we identified during the audit.

A handwritten signature in blue ink that reads 'HLB Belize LLP'.

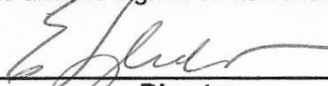
Chartered Accountants
Belize City, Belize
June 15, 2023

ST. JOHN'S CREDIT UNION LIMITED

STATEMENTS OF FINANCIAL POSITION - MODIFIED CASH BASIS AS AT MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

| ASSETS | Notes | 2023 | 2022 |
|--|----------------|-----------------------|----------------------|
| CURRENT ASSETS: | | | |
| Cash and cash equivalents - unrestricted | 2e. 3. | \$ 13,347,759 | \$ 17,588,493 |
| Cash and cash equivalents - restricted | 2e. 13. | 530,080 | 612,649 |
| Short term investment in financial assets - unrestricted | 2f. 4. | 10,364,685 | 10,343,898 |
| Short term investments in financial assets - restricted | 2f. 5. 13. | 40,000 | 40,000 |
| Other receivables and prepayments | 2g. 6. | 1,162,311 | 521,804 |
| Current portion loans receivable from members | 2h. 7. | 3,413,215 | 2,185,672 |
| Total current assets | | 28,858,050 | 31,292,516 |
| NON-CURRENT ASSETS: | | | |
| Loans receivable from members | 2h. 7. | 56,430,247 | 54,225,025 |
| Less - allowance for loan losses | 2i. 7. | (3,000,858) | (3,988,574) |
| Property, plant and equipment - net | 2j. 2k. 2l. 8. | 5,242,604 | 3,405,805 |
| Investment property - net | 2l. 2m. 9. | 268,636 | 1,510,270 |
| Long term investments in financial assets - unrestricted | 2f. 10. | 12,899,300 | 11,409,500 |
| Long term investments in financial assets - restricted | 2f. 13. | 10,000 | 10,000 |
| Total non - current assets | | 71,849,929 | 66,572,026 |
| TOTAL ASSETS | | \$ 100,707,979 | \$ 97,864,542 |
| LIABILITIES AND EQUITY | | | |
| CURRENT LIABILITIES: | | | |
| Accounts payables | 2n. | \$ 49,345 | \$ 136,449 |
| Other liabilities | 2o. | 771,859 | 828,386 |
| Members' deposits | 2p. 11. | 16,534,234 | 16,685,472 |
| Current portion severance payable | 2q. 12. | 264,905 | 39,416 |
| Total current liabilities | | 17,620,343 | 17,689,723 |
| NON-CURRENT LIABILITIES: | | | |
| Severance payable | 2q. 12. | 47,233 | 273,740 |
| Pension liability | 2r. 13. | 818,441 | 896,337 |
| Long term debt | 2s. 14. | 111,212 | 111,212 |
| Total non - current liabilities | | 976,886 | 1,281,289 |
| Total liabilities | | 18,597,229 | 18,971,012 |
| EQUITY: | | | |
| Members' shares - mandatory | 2t. | 3,345,841 | 3,265,312 |
| Members' shares - voluntary | 2t. | 67,631,266 | 65,324,105 |
| Burial scheme fund | 2u. | 735,549 | 391,441 |
| Revaluation reserve | 2k. 15. | 354,953 | 354,953 |
| Statutory reserve fund | 2v. | 7,743,589 | 7,537,189 |
| Undistributed surplus | 2x. 16. | 1,874,959 | 1,595,937 |
| Other reserves | 2w. | 424,593 | 424,593 |
| Total equity | | 82,110,750 | 78,893,530 |
| TOTAL LIABILITIES AND EQUITY | | \$ 100,707,979 | \$ 97,864,542 |

The financial statements on pages 3 to 6 were approved and authorized for issue by the Board of Directors on June 15, 2023 and are signed on its behalf by:



Director



Director

The notes on pages 7 to 18 are an integral part of these financial statements.

ST. JOHN'S CREDIT UNION LIMITED

STATEMENTS OF INCOME AND EXPENSES - MODIFIED CASH BASIS FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

| | <u>Notes</u> | <u>2023</u> | <u>2022</u> |
|--|--------------|---------------------|---------------------|
| INCOME | | | |
| Interest income on loans | 2y. | | |
| | 17. | \$ 5,221,081 | \$ 5,216,032 |
| Investment income | | 1,033,967 | 1,029,236 |
| Other income | | 67,797 | 79,994 |
| Fees and commission income | | 693,149 | 308,744 |
| GROSS INCOME | | <u>7,015,994</u> | <u>6,634,006</u> |
| | | | |
| OPERATING EXPENSES | 2y. | | |
| Advertising | | 50,300 | 35,135 |
| Annual general meeting | | 61,460 | 1,881 |
| Impairment expense | | 200,000 | 125,000 |
| Bank charges and overdraft interest | | 18,190 | 19,878 |
| Belize Credit Union Assurance Services Insurance | | 618,445 | 617,831 |
| Christmas activity | | - | 2,908 |
| Committee meetings | | 11,720 | 16,920 |
| Software system maintenance | | 269,068 | 409,789 |
| Credit Union Week | | 18,821 | 2,212 |
| Depreciation | | 515,156 | 536,148 |
| Donations | | 19,632 | 14,619 |
| Education | | 2,256 | 18,615 |
| General insurance | | 28,243 | 49,898 |
| Interest expense – Members deposits | | 238,761 | 234,684 |
| Office supplies | | 73,463 | 54,601 |
| Other | | 109,840 | 189,565 |
| Pension contribution | | 48,693 | 47,774 |
| Professional fees | | 103,544 | 24,525 |
| Property taxes | | 8,378 | 9,621 |
| Rent | | 73,500 | 68,956 |
| Repairs and maintenance | | 165,471 | 140,022 |
| Salaries, wages and allowances | | 1,553,455 | 1,409,838 |
| Security | | 307,884 | 315,581 |
| Severance | | 41,967 | 10,050 |
| Social security | | 63,108 | 52,501 |
| Supervision fees | | 14,000 | 13,600 |
| Travel and subsistence | | 74,296 | 52,409 |
| Uniform | | 48,112 | 340 |
| Utilities | | 214,227 | 214,841 |
| TOTAL OPERATING EXPENSES | | <u>4,951,990</u> | <u>4,689,742</u> |
| | | | |
| SURPLUS | | <u>\$ 2,064,004</u> | <u>\$ 1,944,264</u> |

The notes on pages 7 to 18 are an integral part of these financial statements.

ST. JOHN'S CREDIT UNION LIMITED

STATEMENTS OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

| | Burial scheme fund | Revaluation reserve | Statutory reserve fund | Undistributed surplus | Other reserves | Total |
|---|--------------------|---------------------|------------------------|-----------------------|-------------------|----------------------|
| Balance as at April 1, 2022 | \$ 391,441 | \$ 354,953 | \$ 7,537,189 | \$ 1,595,937 | \$ 424,593 | \$ 10,304,113 |
| Burial scheme payments | (430,000) | - | - | - | - | (430,000) |
| Burial scheme additions | 774,108 | - | - | - | - | 774,108 |
| Dividends and rebates declared and paid (See Note 2x and 16) | - | - | - | (1,578,582) | - | (1,578,582) |
| Surplus | - | - | - | 2,064,004 | - | 2,064,004 |
| Surplus distribution (See Note 20) | - | - | 206,400 | (206,400) | - | - |
| Balance as at March 31, 2023 | <u>\$ 735,549</u> | <u>\$ 354,953</u> | <u>\$ 7,743,589</u> | <u>\$ 1,874,959</u> | <u>\$ 424,593</u> | <u>\$ 11,133,643</u> |
| Balance as at April 1, 2021 | \$ 712,288 | \$ 354,953 | \$ 7,342,763 | \$ 1,701,597 | \$ 230,167 | \$ 10,341,768 |
| Burial scheme payments | (510,000) | - | - | - | - | (510,000) |
| Burial scheme additions | 189,153 | - | - | - | - | 189,153 |
| Dividends and rebates declared and paid (See Note 2x and 16) | - | - | - | (1,661,072) | - | (1,661,072) |
| Surplus | - | - | - | 1,944,264 | - | 1,944,264 |
| Surplus distribution (See Note 20) | - | - | 194,426 | (388,852) | 194,426 | - |
| Balance as at March 31, 2022 | <u>\$ 391,441</u> | <u>\$ 354,953</u> | <u>\$ 7,537,189</u> | <u>\$ 1,595,937</u> | <u>\$ 424,593</u> | <u>\$ 10,304,113</u> |

The notes on pages 7 to 18 are an integral part of these financial statements.

ST. JOHN'S CREDIT UNION LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Surplus | \$ 2,064,004 | \$ 1,944,264 |
| Adjustments for: | | |
| Depreciation | 515,156 | 536,148 |
| Interest income on investments | (1,033,967) | (1,029,236) |
| Severance | 41,967 | 10,050 |
| Pension contribution | 48,693 | 47,774 |
| Impairment expense | 200,000 | 125,000 |
| Operating surplus before working capital changes | <u>1,835,853</u> | <u>1,634,000</u> |
| Changes in: | | |
| Other receivables and prepayments | (507,144) | 95,899 |
| Loans receivable from members | (4,620,481) | 935,585 |
| Accounts payable | (87,104) | (151,011) |
| Other liabilities | (56,527) | 13,765 |
| Members' deposits | (151,238) | (1,733,927) |
| Pension liability | (126,589) | 58,018 |
| Cash (used in) provided by operating activities | <u>(3,713,230)</u> | <u>852,329</u> |
| Severance paid | (42,985) | (20,917) |
| Net cash (used in) provided by operating activities | <u>(3,756,215)</u> | <u>831,412</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest received from investments | 900,604 | 1,180,612 |
| Short term investments - restricted | - | 750,000 |
| Short term investments - unrestricted | (20,787) | (770,083) |
| Long term investments - unrestricted | (1,489,800) | 15,500,000 |
| Purchase of property, plant and equipment | (1,110,321) | (194,825) |
| Net cash (used in) provided by investing activities | <u>(1,720,304)</u> | <u>981,204</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Change in shares - mandatory | 80,529 | 31,689 |
| Change in shares - voluntary | 2,307,161 | 1,849,750 |
| Change in burial scheme - net | 344,108 | (320,847) |
| Dividends and rebates paid | (1,578,582) | (1,661,072) |
| Net cash provided by (used in) financing activities | <u>1,153,216</u> | <u>(100,480)</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | <u>(4,323,303)</u> | 1,712,136 |
| NET TRANSFER TO CASH AND CASH EQUIVALENTS - RESTRICTED | 82,569 | (101,209) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 17,588,493 | 15,977,566 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 13,347,759</u> | <u>\$ 17,588,493</u> |

The notes on pages 7 to 18 are an integral part of these financial statements.

ST. JOHN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

1. STATUS

St. John's Credit Union Limited ("SJCU" or "the Credit Union") was incorporated under and by virtue of the Credit Unions Act. The Credit Union is currently governed by Credit Unions Act Chapter 314 Revised Edition 2020. The Credit Union promotes savings, enterprise and the cooperative principle among its members to pool members' financial resources and to provide personal and corporate banking, loans, and investments.

The Credit Union operates from its principal office situated at No. 4 Basra Street, Belize City, Belize. Apart from a second Belize City branch, offices are located in the City of Belmopan and Dangriga Town. As at March 31, 2023, the Credit Union had 28,566 members (2022: 28,003).

The Credit Union is supervised by the Registrar of Credit Unions. As per the Credit Unions Act, the Registrar of Credit Unions is the Governor of the Central Bank of Belize.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation

SJCU uses a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis, certain revenues are recognized when received rather than when earned and certain expenses and purchases are recognized when cash is disbursed rather than when the obligation is incurred.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets. Historical cost is generally based on the consideration given in exchange for assets.

b. Functional and presentation currency

The financial statements are presented in Belize dollars, which is SJCU's functional currency. The functional currency is the currency of the primary economic environment in which an entity operates.

c. Foreign currency transactions

Transactions in foreign currencies are translated into Belize dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. All differences arising on settlement or translation of monetary items are taken to the income statement.

d. Changes in accounting policies

No changes to the accounting policies were identified and the comparative information has accordingly remained unchanged since the prior reporting period.

ST. JOHN'S CREDIT UNION LIMITED

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Cash and cash equivalents

Cash and cash equivalents comprises of cash balances and term deposits held with various financial institutions. All cash and cash equivalents have original maturities of 3 months or less.

f. Investments in financial assets

Investment in financial assets held on a short term basis consist of fixed deposits held at the bank with maturity dates within 1 year from the reporting date. Investments with maturity dates beyond 1 year from the reporting date are classified as long term investments in financial assets. Investments in equity instruments comprise of minority equity investments held at their nominal value.

g. Other receivables and prepayments

Other receivable are miscellaneous receivables. Prepayments represent costs paid in advance of their intended use of coverage. Prepayments are expenses in the period the service is delivered.

h. Loans receivable from members

Loans are recognized when cash is advanced to the member, and are stated at cost. Loans receivable are derecognized when the rights to receive cash flows from the financial assets have expired or extinguished.

i. Allowance for loan losses

This account is treated as a contra-asset account to member loans receivable in accordance with the Credit Unions Act (CUA) Requirement No. 2 of 2013. The account is funded through charges to income as a provision expense for charging off loans and other assets or portions of such loans and other assets which have been adversely classified.

j. Property, plant and equipment

Property, plant and equipment are carried at cost except for land which is carried at valuation.

Depreciable assets are held at cost less accumulated depreciation and accumulated impairment losses. Depreciation is determined by using the straight-line method at the following rates:

| | |
|---|--------------------|
| Buildings, driveways & leasehold improvements | 5, 25 and 50 years |
| Furniture & fixtures | 5 and 10 years |
| Computer, equipment & accessories | 5 and 10 years |
| Motor vehicle | 5 years |

Land is not depreciated as the useful life cannot be estimated. Other classes of assets commence depreciation when they are available for use.

Leasehold improvements are amortized on a straight-line basis over the lesser of their estimated useful life or the initial lease term.

ST. JOHN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Property, plant and equipment (Continued)

Maintenance and repairs are expensed as incurred. Major asset additions and expenditures that significantly increase value or extend useful asset life are capitalized. The cost and related accumulated depreciation of assets sold or retired are eliminated from the accounts and gains or losses on disposal are included in income for the year.

An item of property, plant and equipment and any significant part recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

k. Revaluation

Assets held under the revaluation model are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated impairment losses. Revaluations are performed with such regularity that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

The cost and accumulated depreciation accounts are restated proportionately with the revaluation. Any increase arising on the revaluation of such asset is recognised as a transfer in equity under the heading of revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit and loss, in which case the increase is credited to profit and loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such asset is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to undistributable surplus except when an asset is derecognised.

l. Impairment of non-financial assets

The Credit Union assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

An impairment loss is recognised immediately in the statement of income and expenses, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation.

ST. JOHN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l. Impairment of non-financial assets (Continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

m. Investment property

Investment property is land and building which are held to earn rental income. Investment property is measured at cost and subsequently amortized using the same policies as property, plant and equipment (refer to note 2j).

Rental income from investment property is recognized on the statement of income and expenses.

n. Accounts payable

Accounts payable comprises of miscellaneous payable balances held at their nominal values.

o. Other liabilities

Represent beneficiaries payable and accrued interest payable on members' fixed deposits.

p. Members' deposits

Members' deposits, savings and fixed savings are treated as current liabilities and measured at cost.

q. Severance payable

Severance payable represents the accrual of salaries payable to employees in the event of their resignation or termination. SJCUC recognizes termination benefits in accordance with the Labour Act Chapter 297 of the Laws of Belize Revised Edition 2020.

r. Pension liability

The Credit Union has available on a voluntary basis, a defined contribution pension plan for all permanent employees. The pension is not financially separate from the Credit Union and still funded by contributions from both employees and the Credit Union at fixed rates of 3% and 5% of salary respectively.

s. Long-term debt

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized costs.

ST. JOHN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t. Members' shares

As per the Credit Unions Act, members' shares in SJCUC represent members' capital. Mandatory shares are the minimum number of shares a person must have in order to be considered a member of SJCUC. Non-mandatory shares are additional shares held by members of the credit union. These can be withdrawn at any time and may be used as collateral for loans by members. These are reflected in equity on the statement of financial position.

u. Burial scheme fund

The Burial Scheme is a death benefit of \$5,000 which will be paid to plan member's selected dependent based on meeting qualifying membership rules in the plan. The fund balance is reported net of collections and payments during the year.

v. Statutory reserve fund

The Statutory reserve fund is a reserve fund that is mandated by the Credit Unions Act, Chapter 314 of the Substantive Law of Belize, Revised Edition 2020. At least 10% of the net earnings of the Credit Union must be added to the fund at the end of each fiscal year. In addition, all entrance fees and fines collected from members each year are transferred to this fund. The Statutory reserve fund cannot be distributed to members.

w. Other reserves

Other reserves are amounts set aside by the Board of Directors to be used for any purpose that the Credit Union may need to utilize it for. Allocation of surplus to these reserves are recommended by the Board of Directors and to be confirmed at the annual general meetings as permitted by the Credit Unions Act.

x. Dividends and rebates

Dividends not exceeding 8% are declared and paid annually on member shares/deposit balances. Dividends are calculated based on the average of the lowest share balance during each quarter of the financial year.

Rebates are declared and paid annually to each member in proportion to the volume of loan business done with the Credit Union during the year.

These dividends are credited to the members' shares/deposit accounts along with interest rebates given to members who qualify. Dividends and rebates are recommended by the Board of Directors and approved at SJCUC's Annual General Meeting.

y. Income and expense recognition

Interest income on loans, dividends and other income are recognized when collected. Interest income on fixed deposits is recognized when earned. Interest and other expenses are recognized when paid. Interest on special deposits and personal checking accounts are paid quarterly and monthly, respectively. Interest on term deposits may be paid quarterly or monthly. The interest rates paid on member accounts are determined by the Board of Directors.

ST. JOHN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

z. Taxes

Management evaluates situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of the amounts expected to be paid to the tax authorities.

3. CASH AND CASH EQUIVALENTS - UNRESTRICTED

| | <u>2023</u> | <u>2022</u> |
|--------------|----------------------|----------------------|
| Cash on hand | \$ 435,659 | \$ 905,727 |
| Cash at bank | <u>12,912,100</u> | <u>16,682,766</u> |
| | <u>\$ 13,347,759</u> | <u>\$ 17,588,493</u> |

4. SHORT TERM INVESTMENT IN FINANCIAL ASSETS - UNRESTRICTED

| <u>Financial Institution</u> | <u>Maturity</u> | <u>Rate</u> | <u>2023</u> | <u>2022</u> |
|------------------------------|------------------|-------------|----------------------|----------------------|
| Atlantic Bank Limited | August 22, 2023 | 3.00% | \$ 3,000,000 | \$ - |
| Atlantic Bank Limited | August 22, 2023 | 3.00% | 2,000,000 | - |
| Atlantic Bank Limited | August 24, 2023 | 2.00% | 2,000,000 | - |
| Atlantic Bank Limited | August 24, 2023 | 1.75% | 1,000,000 | - |
| Atlantic Bank Limited | April 2, 2023 | 1.75% | 1,000,000 | - |
| Atlantic Bank Limited | March 23, 2024 | 1.75% | 400,000 | - |
| Atlantic Bank Limited | May 14, 2023 | 3.00% | 200,000 | - |
| Atlantic Bank Limited | May 11, 2023 | 3.00% | 150,000 | - |
| Blue Creek Credit Union Ltd. | January 30, 2024 | 3.50% | 614,685 | - |
| Atlantic Bank Limited | August 22, 2022 | 3.00% | - | 3,000,000 |
| Atlantic Bank Limited | August 22, 2022 | 3.00% | - | 2,000,000 |
| Atlantic Bank Limited | August 24, 2022 | 2.50% | - | 2,000,000 |
| Atlantic Bank Limited | August 24, 2022 | 2.50% | - | 1,000,000 |
| Atlantic Bank Limited | April 2, 2022 | 1.75% | - | 1,000,000 |
| Blue Creek Credit Union Ltd. | January 30, 2023 | 3.50% | - | 593,898 |
| Atlantic Bank Limited | March 19, 2023 | 3.00% | - | 400,000 |
| Atlantic Bank Limited | May 8, 2022 | 3.00% | - | 200,000 |
| Atlantic Bank Limited | May 12, 2022 | 3.00% | - | 150,000 |
| | | | <u>\$ 10,364,685</u> | <u>\$ 10,343,898</u> |

5. SHORT TERM INVESTMENT IN FINANCIAL ASSETS - RESTRICTED

The following are held on behalf of the pension fund. See also Note 13.

| <u>Financial Institution</u> | <u>Maturity</u> | <u>Rate</u> | <u>2023</u> | <u>2022</u> |
|------------------------------|-----------------|-------------|------------------|------------------|
| Atlantic Bank Limited | May 14, 2023 | 3.25% | \$ 40,000 | \$ - |
| Atlantic Bank Limited | May 14, 2022 | 3.25% | - | 40,000 |
| | | | <u>\$ 40,000</u> | <u>\$ 40,000</u> |

ST. JOHN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

6. OTHER RECEIVABLES AND PREPAYMENTS

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|-------------------|
| Heritage Bank Limited ATM/POS Project | \$ 50,000 | \$ 50,000 |
| Belize Credit Union League Limited NPS | 30,356 | 126,299 |
| Other receivables | 674,542 | 97,339 |
| Prepayments | 64,747 | 38,863 |
| Accrued interest | 342,666 | 209,303 |
| | <u>\$ 1,162,311</u> | <u>\$ 521,804</u> |

The Credit Union has entered into a Joint Investment Agreement with the Heritage Bank Limited and five other institutions, called the ATM/POS Project. Since the project is still in process of being finalized, the initial investment is classified as other receivables and prepayment at March 31, 2023.

7. LOANS RECEIVABLE FROM MEMBERS

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|----------------------|-----------------------|
| Business loans | \$ 2,962,233 | \$ 3,845,238 |
| Educational loans | 525,886 | 623,159 |
| Housing and home improvement loans | 23,464,479 | 22,831,319 |
| Motor vehicle loans | 1,191,342 | 1,571,629 |
| Personal loans | 30,836,270 | 26,581,851 |
| Real estate loans | 863,252 | 957,501 |
| Total loans receivable | <u>59,843,462</u> | <u>56,410,697</u> |
| Less: current portion | <u>(3,413,215)</u> | <u>(2,185,672)</u> |
| Long term portion | <u>\$ 56,430,247</u> | <u>\$ 54,225,025</u> |
| | | |
| Total loans receivable | \$ 59,843,462 | \$ 56,410,697 |
| Less - allowance for loan losses | <u>(3,000,858)</u> | <u>(3,988,574)</u> |
| Total loans receivable – net | <u>\$ 56,842,604</u> | <u>\$ 160,872,173</u> |

The allowance for loan losses comprises the following:

| | <u>2023</u> | <u>2022</u> |
|----------------------------|---------------------|---------------------|
| Balance, beginning of year | \$ 3,988,574 | \$ 3,740,144 |
| Impairment expense | 200,000 | 125,000 |
| Write-offs | (1,228,212) | (142) |
| Recoveries | 40,496 | 123,572 |
| Balance, end of year | <u>\$ 3,000,858</u> | <u>\$ 3,988,574</u> |

ST. JOHN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

8. PROPERTY PLANT AND EQUIPMENT

| Cost (c) / Valuation (v) | Land (c), (v) | Buildings, driveways & leasehold improvements (c) | Furniture & fixtures (c) | Computer, equipment & accessories (c) | Motor vehicle (c) | Work-in- progress (c) | Total |
|---------------------------------------|-------------------|--|--------------------------------|--|----------------------|-----------------------------|---------------------|
| Brought forward, April 1, 2022 | \$ 635,217 | \$ 2,776,970 | \$ 561,059 | \$ 3,117,957 | \$ 5,035 | \$ 113,123 | \$ 7,209,361 |
| Additions | - | - | 5,435 | 155,068 | - | 949,818 | 1,110,321 |
| Transfers from Investment Property | 1,236,036 | - | - | - | - | - | 1,236,036 |
| Carried forward, March 31, 2023 | 1,871,253 | 2,776,970 | 566,494 | 3,273,025 | 5,035 | 1,062,941 | 9,555,718 |
| Accumulated Depreciation | | | | | | | |
| Brought forward, April 1, 2022 | - | 1,003,792 | 436,664 | 2,359,292 | 3,808 | - | 3,803,556 |
| Additions | - | 115,862 | 30,950 | 362,133 | 613 | - | 509,558 |
| Carried forward, March 31, 2023 | - | 1,119,654 | 467,614 | 2,721,425 | 4,421 | - | 4,313,114 |
| Net Book Value, March 31, 2023 | 1,871,253 | \$ 1,657,316 | \$ 98,880 | \$ 551,600 | \$ 614 | \$ 1,062,941 | \$ 5,242,604 |
| Cost (c) / Valuation (v) | | | | | | | |
| Brought forward, April 1, 2021 | \$ 635,217 | \$ 2,776,970 | \$ 559,602 | \$ 3,037,712 | \$ 5,035 | \$ - | \$ 7,014,536 |
| Additions | - | - | 1,457 | 80,245 | - | 113,123 | 194,825 |
| Carried forward, March 31, 2022 | 635,217 | 2,776,970 | 561,059 | 3,117,957 | 5,035 | \$ 113,123 | 7,209,361 |
| Accumulated Depreciation | | | | | | | |
| Brought forward, April 1, 2021 | - | 887,928 | 404,503 | 2,021,063 | 3,195 | - | 3,316,689 |
| Additions | - | 115,864 | 32,161 | 338,229 | 613 | - | 486,867 |
| Carried forward, March 31, 2022 | - | 1,003,792 | 436,664 | 2,359,292 | 3,808 | - | 3,803,556 |
| Net Book Value, March 31, 2022 | \$ 635,217 | \$ 1,773,178 | \$ 124,395 | \$ 758,665 | \$ 1,227 | \$ 113,123 | \$ 3,405,805 |

See also Note 15.

ST. JOHN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

9. INVESTMENT PROPERTY

| | Land & Building | |
|---|-------------------|---------------------|
| | <u>2023</u> | <u>2022</u> |
| Cost | | |
| Balance, beginning of year | \$ 1,732,090 | \$ 1,732,090 |
| Transfer to property, plant and equipment | (1,367,090) | - |
| Balance, end of year | <u>365,000</u> | <u>1,732,090</u> |
| Accumulated Depreciation | | |
| Balance, beginning of year | 221,820 | 172,539 |
| Additions | 5,598 | 49,281 |
| Transfer to property, plant and equipment | (131,054) | - |
| Balance, end of year | <u>96,364</u> | <u>221,820</u> |
| Net Book Value | <u>\$ 268,636</u> | <u>\$ 1,510,270</u> |

10. LONG TERM INVESTMENTS IN FINANCIAL ASSETS - UNRESTRICTED

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| Belize Electricity Limited Series 6 debentures with interest rate of 6.5% per annum payable quarterly, maturing December 31, 2030. | \$ 2,850,000 | \$ 2,850,000 |
| Belize Electricity Limited Series 7 debentures with interest rate of 6% per annum payable quarterly, maturing March 31, 2028. | 2,025,000 | 2,025,000 |
| Belize Electricity Limited Series 8 debentures with interest rate of 6% per annum payable quarterly, maturing June 30, 2032. | 2,500,000 | 2,500,000 |
| Belize Water Services Limited Series 1 debentures with interest rate of 6.25% per annum payable semi-annually, maturing December 31, 2030. | 2,500,000 | 2,500,000 |
| Investment in Belize Credit Union League Limited - 50 redeemable preferred shares. | 24,300 | 34,500 |
| Investment in Belize Telemedia Limited - 200,000 common shares with par value of \$1.00. | 1,000,000 | 1,000,000 |
| Government of Belize Treasury Notes with interest rate of 6% per annum payable by half yearly installments, maturing December 10, 2023. | 500,000 | 500,000 |
| Subscription paid for Belize Tourism Board Series I Transformation Bond was issued April 20, 2023 | 1,500,000 | - |
| | <u>\$ 12,899,300</u> | <u>\$ 11,409,500</u> |

ST. JOHN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

11. MEMBERS' DEPOSITS

| | <u>2023</u> | <u>2022</u> |
|------------------|----------------------|----------------------|
| Savings accounts | \$ 9,940,099 | \$ 8,215,092 |
| Term deposits | 6,594,135 | 8,470,380 |
| | <u>\$ 16,534,234</u> | <u>\$ 16,685,472</u> |

12. SEVERANCE PAYABLE

| | <u>2023</u> | <u>2022</u> |
|----------------------------|------------------|-------------------|
| Balance, beginning of year | \$ 313,156 | \$ 324,023 |
| Additional provision | 41,967 | 10,050 |
| Benefits paid | <u>(42,985)</u> | <u>(20,917)</u> |
| Balance, end of year | 312,138 | 313,156 |
| Less: current portion | <u>(264,905)</u> | <u>(39,416)</u> |
| Long term portion | <u>\$ 47,233</u> | <u>\$ 273,740</u> |

13. PENSION FUND LIABILITY

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| At March 31, the pension fund was represented by: | | |
| Pension fund assets | | |
| Cash and cash equivalents - restricted | \$ 530,080 | \$ 612,649 |
| Short term investments in financial assets- restricted | 40,000 | 40,000 |
| Long term investments in financial assets - restricted | 10,000 | 10,000 |
| SJCU - fixed deposit managed by SJCU for the pension fund | <u>238,361</u> | <u>233,688</u> |
| Total pension fund assets | <u>\$ 818,441</u> | <u>\$ 896,337</u> |
| Pension fund liability | <u>\$ 818,441</u> | <u>\$ 896,337</u> |

ST. JOHN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)

14. LONG TERM DEBT

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Social Investment Fund interest-free loan of \$100,000 (fully drawn down) for a period of 25 years with no fixed repayment terms. Loan is to be used for on-lending to eligible borrowers for housing construction or improvement in accordance with agreement dated September 19, 2005. | \$ 11,212 | \$ 11,212 |
| Social Investment Fund interest-free loan of \$100,000 (fully drawn down) for a period of 25 years with no fixed repayment terms. Loan is to be used for on-lending to eligible borrowers for housing construction or improvement in accordance with agreement dated December 28, 2006. | <u>100,000</u> | <u>100,000</u> |
| | <u>\$ 111,212</u> | <u>\$ 111,212</u> |

15. REVALUATION RESERVE

During the financial year ended March 31, 2004, the Credit Union had an independent appraiser value its lands. The resulting increase in value was recorded as a revaluation reserve.

16. DIVIDEND AND REBATES

After consultation with the Central Bank of Belize, distribution of surplus for fiscal year ended March 31, 2022 dividends of 2.25% on regular shares and 4% on mandatory shares and rebates of 2.25% were proposed and accepted. Previously at the 75th Annual General Meeting, distribution of surplus for fiscal year ended March 31, 2021 to dividends of 2.25% on regular shares and 4% on mandatory shares and rebates of 4% were proposed and accepted.

17. INTEREST INCOME ON LOANS

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|---------------------|---------------------|
| Business loans | \$ 218,251 | \$ 346,837 |
| Educational loans | 64,161 | 104,237 |
| Housing and home improvement loans | 1,565,618 | 1,563,575 |
| Motor vehicle loans | 121,218 | 160,536 |
| Personal loans | 3,184,695 | 2,972,184 |
| Real estate loans | 67,138 | 68,663 |
| | <u>\$ 5,221,081</u> | <u>\$ 5,216,032</u> |

ST. JOHN'S CREDIT UNION LIMITED

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022 (IN BELIZE DOLLARS)**

18. COMMITMENT

As at the March 31, 2023 and 2022 reporting dates there were no commitments.

19. TAXATION

As a registered credit union in Belize, SJCUC is exempt from taxes on interest income, under the Income and Business Tax Act. However, subject to threshold requirements under the Act, the Credit Union pays 15% on commissions and 3% on rent income.

General Sales Tax of 12.5% is a tax on consumer spending that is collected at the point of sale of a business' good or service. SJCUC pays General Sales Tax as a regular consumer.

20. SURPLUS DISTRIBUTION

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Statutory reserve fund 10% (2022: 10%) | \$ 206,400 | \$ 194,426 |
| Undistributed surplus 90% (2022: 80%) | 1,651,203 | 1,555,411 |
| Other reserve 0% (2022: 10%) | - | 194,426 |
| | <u>\$ 1,857,603</u> | <u>\$ 1,944,263</u> |

21. POST – REPORTING DATE EVENTS

There were no adjusting or significant non-adjusting events that occurred between the March 31, 2023 reporting date and the date of authorization for issuance.

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