

***SOLIDITY AMIDST ADVERSITY.....***



# ***ANNUAL REPORT 2020***

**4TH ANNUAL GENERAL MEETING**

***GOING FOR GROWTH***

*"Opening the way to your Financial success"*

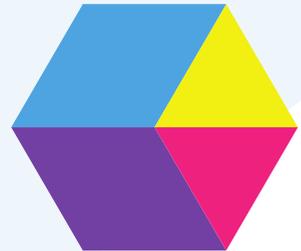
# 2020 AT A GLANCE



New Fairview Branch- unit 14- The MarketPlace, Montego Bay



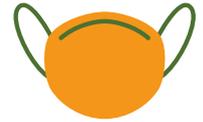
**NET SURPLUS**  
**\$103 MIL**



9B Total  
Assets

10.6%  
Loan  
growth

Closure of Sam  
Sharpe Office.  
Relocated to  
Church Street



## VISION

To be the premier financial institution, by empowering our members for success through innovative products and services

## MISSION

To empower our members by providing excellent service and sound financial guidance to create partnerships that will result in prudent, progressive and competitive business decisions, yielding mutual success.

## CORE VALUES

- We are open, honest, and accountable to our stakeholders
- Team members are committed to the organization's success and sustainability
- We actively engage in community development
- We are committed to the social and economic development of our members.
- Team members' well-being is highly valued.
- We foster a friendly and professional environment in which to conduct business
- We celebrate success
- We reward performance
- We see our members as family
- We are committed to service excellence
- We can be relied on for our financial stability and security



One who gains strength  
by overcoming obstacles  
possesses the only  
strength which can  
overcome adversity-  
Albert Schweitzer



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# NOTICE OF AGM

Notice is hereby given that the 4th Annual General Meeting (A.G.M) of the Gateway Co-operative Credit Union (2017) Limited will be held at the Noel Fraser Auditorium West Jamaica Conference Centre, Mount Salem, Montego Bay, St. James on Thursday July 15, 2021 at 5:00 pm for the purpose of considering and if thought fit, passing the following:

- That the Credit Union's Financial Statements for the year ended December 31, 2020 together with the reports of the Board of Directors, Treasurer, Credit Committee and Supervisory Committee be adopted;
- To elect Volunteers to the Board of Directors, Credit and Supervisory Committees;
- To table Resolutions for virtual-only and hybrid A.G.M / Special General Meeting (S.G.M).
- To consider any other business which may properly be transacted at an Annual General Meeting.

In Keeping with the Government's directives, the following protocols will be observed at this Annual General Meeting:

- Fully vaccinated members over the age of 65 will be allowed to attend;
- Members without masks will not be admitted and mask should be worn for the duration of the meeting;
- There should be no gathering of members before, during and after the meeting;
- Persons with elevated temperature will not be allowed to enter the venue (37.3C or 99.3F and above);
- All members will be expected to adhere to the physical distancing protocols;
- Hand shaking is strictly prohibited;
- No children will be allowed.

Members will be able to view the meeting via live streaming on our YouTube and Facebook (<https://www.facebook.com/gatewayjm>) page. However, persons using these media will not be counted as part of the quorum for voting or other legal matters.

Resolutions and Annual Report are available on our website at:

<https://www.gatewayja.com/financials-2020>

<https://www.gatewayja.com/agm-2021-resolution>

NB: Registration begins at 4:00 p.m.

Reports will be available on our website ([www.gatewayja.com](http://www.gatewayja.com))

Limited Booklets will be printed

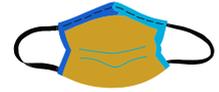
Refreshment will be packaged to go

Sign this 30th day of June 2021

Cleveland Parker -  
Secretary- Board of Directors

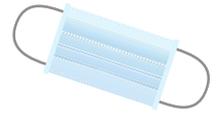
# AGENDA

**THURSDAY JULY 15, 2021**



1. ASCERTAINMENT OF QUORUM
2. CALL TO ORDER
3. RESOLUTIONS
4. PRAYER (ST. FRANCIS OF ASSISI)
5. OBITUARIES
6. AUTHORITY TO CONVENE AND READING OF NOTICE OF MEETING
7. WELCOME/ACKNOWLEDGEMENTS/APOLOGIES
8. CHAIRMAN'S OPENING REMARKS
9. MINUTES OF 3RD ANNUAL GENERAL MEETING
  - CORRECTIONS AND CONFIRMATION
  - MATTERS ARISING
- 10. REPORTS**
  - BOARD OF DIRECTORS'
  - TREASURER'S/FINANCIAL REPORTS
  - AUDITOR'S
  - CREDIT COMMITTEE'S
  - SUPERVISORY COMMITTEE'S
  - NOMINATING COMMITTEE'S
11. ANY OTHER BUSINES
12. ADJOURNMENT

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED.  
3RD ANNUAL GENERAL MEETING  
HELD ON WEDNESDAY, NOVEMBER 25, 2021  
AT THE HOLLIS PETER LYNCH MULTI-PURPOSE BUILDING,  
HOLY TRINITY CHURCH, MIRIAM WAY, MONTEGO BAY**



**1. CALL TO ORDER**

The President, Mr. Lambert Johnson called the third Annual General Meeting of the Gateway Co-operative Credit Union (2017) Limited to order at 4:40 p.m.  
The National Anthem was sung.

**2. ASCERTAINMENT OF QUORUM**

The President invited the representative from the Department of Co-operatives & Friendly Societies to confirm that a quorum had been achieved. The meeting was informed that the required quorum was 100 and at the last count there were 102 members present.

**3. READING OF NOTICE OF MEETING**

The Secretary, Mr. Cleveland Parker, read the notice of the Meeting, which was called for:

- (i) the purpose of adopting the Credit Union's Financial Statements for the year ending December 31, 2019 together with the reports of the Board of Directors, Treasurer, Credit and Supervisory Committees.
- (ii) Consideration and if thought fit, passing the following resolutions:
  - (a) Relocation of the Credit Union's Registered Office
  - (b) Transfer of Investment Reserve to the General Reserves.
- (iii) Amendments to the following rules:
  - (a) Article III Rule 5 (xi), Rule 6 (iv), Rule 12 (a) and Rule 12 (d) – Application for Membership.
  - (b) Article XII Rule 61 (V) – Filing of the Nomination Committee Report.
- (iv) To elect volunteers to the Board of Directors, Credit and Supervisory Committees.
- (v) To consider any other business which may properly be transacted at an Annual General Meeting.

**4. PRAYER (ST. FRANCIS OF ASSISI)**

Rev. Glenroy Clarke, Vice President, invited the members to join him in repeating the Prayer of Saint Francis of Assisi. A moment of silence was observed for members who had died in 2019.

**5. WELCOME/ACKNOWLEDGEMENTS/APOLOGIES**

The Secretary welcomed the members to the 3rd Annual General Meeting of Gateway. He thanked them for their attendance despite the challenges presented by the COVID 19 pandemic. He acknowledged the presence of the following persons:

- Mr. Courtney Shaw and Ms. Celloney Bailey - Representatives, Department of Co-operatives & Friendly Societies.
- Mrs. Phueona Reynolds - Representative from JCCUL



Mr. Parker introduced the members of the Board of Directors on the platform and acknowledged the members of the Supervisory and Credit Committees as well as the Management and Staff of the credit union in the audience. The team from the Ministry of Health who were ensuring that the COVID-19 Protocols were adhered to were also acknowledged. The members who joined the meeting via the ZOOM Platform and Facebook Live were acknowledged.

The Secretary pointed out that the AGM would not follow the normal trend but asked the members to bear with the team as it was operating on a tight schedule. The Vice President informed the meeting that it was a very historic year for Gateway and extended a special welcome to the President of the League.

He pointed out that in times past the President of the League would travel to the AGM but for the first time the President of the League was from Western Jamaica and was also Gateway's President, Mr. Lambert Johnson. The Vice President stated that it was a very historic moment and wished the President all the best as he undertook the new role in the spirit of volunteerism, on behalf of the Board, volunteers, management and staff.

## **6. CHAIRMAN'S OPENING REMARKS**

The President thanked the Vice President for his warm and kind words. He stated that it was whilst the notice of the Annual General Meeting was being read that he noted that the COVID-19 restrictions could be viewed as a 'kill-joy' because he looked forward to the AGM every year where he could meet, greet and fellowship prior to and after the meeting.

The President highlighted that it was a month from Christmas Day; in the true spirit of Christmas, he informed the membership that Gateway had a loan for each member. He informed the meeting that in the past year some strategic steps had been taken to ensure that Gateway would grow from strength to strength.

## **7. MINUTES OF 2ND ANNUAL GENERAL MEETING**

The Secretary, Mr. Cleveland Parker presented the minutes to the membership.

### **(a) Taken as Read**

The Minutes of the 2nd Annual General Meeting was taken as read on a motion moved by Ms. Vivienne Frankson, seconded by Ms. Julane Taylor. All were in favour.

### **(b) Corrections and Confirmation**

There were no corrections or amendments.

The minutes for the 2nd Annual general meeting were confirmed on a motion moved by Mrs. Autherine Dehaney-Archer, seconded by Ms. Cornelia Brown.

### **(a) Matters Arising**

There were no matters raised from the minutes.

## **8. REPORTS**

### **(a) Board of Directors'**

The President, Mr. Lambert Johnson, presented the Board of Directors' Report.

Mr. Johnson opened the presentation of his report by giving thanks to God for guiding Gateway through 2019, which was thought to be a difficult year, until 2020. After which, he recognized the contributions of his fellow Board members, the members of the Supervisory and Credit Committees; CEO, Management, Supervisors and Staff who all worked assiduously to ensure Gateway remained viable.

The President highlighted the following key developments in 2019:

- Real Gross Domestic Product (GDP) grew by 1.2%.
- Headline inflation increased slightly to 3.9% within the year to December.
- The unemployment rate fell to 7.2% in October.

Gateway continued to be strong and profitable and realized growth in every area of operation. The surplus increased by 100% when compared to that of 2018. The credit union ended the year 2019 with a low delinquency rate. The President advised the meeting that the performance was commendable and explained that the credit union was permitted to go up to 5% of the loan portfolio but at the end of 2019 Gateway was 3.5%. Membership of the credit union had also grown; the credit union was proudly serving over 66,000 members.

Key Result Areas	2017 December 31	2018 December 31	2019 December 31	Gateway's Growth %	Movement's Growth %
Savings	\$5.54Bn	\$6.25Bn	\$6.98Bn	11.7%	7.91%
Loans	\$4.12Bn	\$4.83Bn	\$5.50Bn	13.9%	12.53%
Total Assets	\$7.08Bn	\$7.66Bn	\$8.38Bn	9.4%	8.59%
Net Surplus	\$136.35M	\$26.11M	\$52.3M	100%	
Capital Adequacy	12.5%	11.6%	11.5%	-0.86%	
Membership	58,080	63,390	66,750	5.3%	-1.44%

The internal compliance was exceptional and was done with the assistance of the Supervisory Committee. The Credit Committee had worked tirelessly to ensure that loans were granted in a timely manner. He assured the members that in 2021, loans would be approved in an even more timely manner.

#### **HUMAN RESOURCES**

The management team continued to be led by Mr. Ornell Bedasse, Chief Executive Officer. Mr. Bedasse was described as a very able first steward who was strategic and led his team well. The members showed appreciation for Mr. Bedasse with a round of applause. Mr. Bedasse was supported by a team who ensured that Gateway continued to do well.

#### **MARKETING AND OUTREACH**

The President informed the meeting that Gateway continued to carry out its corporate social responsibility and undertook a number of community projects/initiatives in 2019 as follows:

##### **I) RAILWAY GARDENS BASIC SCHOOL**

The Railway Gardens Basic School was adopted in 2004. Sponsorship to the school in 2019 amounted to Three Hundred Thousand Dollars (\$300,000.00). The school also benefitted from an additional sponsorship valued at Two Hundred Thousand Dollars (\$200,000.00), from the CaribDe 34 team, towards renovations to be effected to the bathroom.

##### **II) UNIVERSITY SCHOLARSHIPS**

The credit union's first University Scholarship was launched in 2019 in honour of past credit union stalwarts - Herman Johnson and Bayley Haye. The scholarship would pay the recipient a sum of \$150,000 and \$200,000 respectively for a two-year period. It was reported that no payments had been made in 2019 as the applicants had not met the requirements.



### **III) ENID GONSALVES SCHOLARSHIP**

The Enid Gonsalves Scholarship had been renamed in 2019 to Enid Gonsalves P.E.P. Scholarship. A sum of Four Hundred Sixty Two Thousand Dollars (\$462,000.00) had been paid to 17 recipients. The membership was informed that the annual allotment each candidate could receive had been increased from \$24,000 to \$40,000.

### **IV) GATEWAY JUNIOR SCHOOLS' ACADEMIC CHAMPIONSHIP QUIZ**

Twenty-eight (28) schools participated in the 27th year of the Gateway Junior Schools' Academic Championship Quiz in 2019. St. Mary's Preparatory was crowned champion.

### **V) SPONSORSHIPS**

Sponsorships valued at \$1,000,000 had been granted to community groups, clubs, schools for various worthy causes.

### **VI) CREDIT UNION WEEK**

In 2019, Credit Union week was observed during October 13 -19; a number of community projects were undertaken:

- Perimeter fencing valued at approximately \$350,000.00 was donated to Mt. Hannah Primary School in Hanover.
- Refurbishment works carried out at the Pell River Basic School amounting to \$850,000.00
- Donations valued at \$500,000 were made to the Women's Centre located in Montego Bay.
- Donations were made to the Melody Girls' Home Through Vera Philanthropic Praise Foundation.
- Donations were made to the Lucea Infirmary.

### **KEY RESULT AREAS**

The President pointed out that although the report was retrospective, he would highlight some of the activities for 2020.

In 2020, the Board of Directors contemplated and decided that the Credit Union should be expanded. To fund the growth, the building at Sam Sharpe Square was sold. He advised the meeting that the decision had not been taken recklessly but had been considered at the Board Meeting over many months; as it was known that the Sam Sharpe Square location had been known as the face of Gateway. After the sale, the Credit Union was able to establish a branch in Fairview and in the future a location would be opened in Falmouth. He added that the Board would continue to conduct market assessment to ascertain the feasibility of opening other physical locations.

The current head office, which was located at 20 Church Street, had undergone major renovations. Additional renovations were scheduled to be done on the upper floor as well. The meeting was informed that the Credit Union had acquired the property that was adjacent to 20 Church Street; as it was the intention to provide the members with adequate parking, a drive thru, and to ensure that the facilities were adequate to facilitate and accommodate growth.

The President informed the meeting that Gateway Credit Union had been poised for takeoff, had it not been for the pandemic. He informed the meeting that the growth from January to March 2020 had been good; however, the trend reversed in April and in months to follow. He assured the members that the Credit Union had not given up but immediately started implementing measures to ensure that at the end of the pandemic, Gateway would be bigger and better. He advised the meeting that the Credit Union's auditors had provided excellent advice on the management of the financial affairs during the pandemic.

#### **iii) Conclusion**

The President informed the meeting that Gateway was strong and ready to move. There was strong capital base and adequate funds were available for loans at competitive rates.

After once again, giving thanks to the Lord for giving the Credit Union the opportunity to meet in such a fashion, the President acknowledged the contributions of the following stakeholders during 2019:

- Loyal and faithful members
- The Board of Directors; Supervisor Committee and Credit Committee.
- The Management and Staff

The Co-operative Network which included the Jamaica Co-operative Credit Union League, the Department of Co-operatives and Friendly Societies, CUNA Caribbean Ltd., Quality Network Co-operative Ltd., the National Union of Co-operative Societies, and the Credit Union Fund Management Company Ltd.

·Crowe Horwath, Auditors.



#### Questions/Comments

Ms. Charlotte Campbell enquired about the timeframe for implementation for Internet Banking. She was informed that the new IT system (Encompass) had been bought, installed, initialized and became operational on November 03, 2020. Therefore, with the continued support of the IT Software provider and the internal technology team it was anticipated that secure internet banking would be ready for use within the first quarter of 2021.

Ms. Claudette Dixon indicated that a lot of members including herself was not familiar with internet banking and enquired how would they be able to transact business if the banking halls were removed. The President informed her that there would always be a banking hall open to accommodate the members and friendly staff available to assist. He stated that provision was being made for everyone.

Mrs. Elizabeth Crooks-Brissett, indicated that she had received an Access Card for each account she had at After once again, giving thanks to the Lord for giving the Credit Union the opportunity to meet in such a fashion, the President acknowledged the contributions of the following stakeholders during 2019:

·Loyal and faithful members

·The Board of Directors; Supervisor Committee and Credit Committee.

·The Management and Staff

acknowledgement of members' birthdays etc. The President informed her that the new system had the capacity to send greetings (birthday, Christmas etc.) to member and this will be implemented in due course.

Mrs. Crooks-Brissett informed the meeting that she had introduced a number of persons including family members to the Credit Union. She indicated that they were unaware of events happening in the bank if she did not provide them with the information. She indicated that whilst in a conversation with some of them earlier that day they were unaware of the Annual General Meeting. The President informed Mrs. Crooks-Brissett that the notice of the meeting had been published for a while and he recognized that because of the pandemic all members were not able to be in attendance. The President informed Mrs. Cross-Brissett that he would host a meeting with her to further understand and provide clarification on the issues she was experiencing.

Mrs. Crooks-Brissett took the opportunity to acknowledge the staff and members of the Lucea Branch. She closed by expressing her appreciation for the upgrade of the facilities at the Lucea Branch.

Mr. Aubrey Thomas offered commendation to the Board of Directors and Staff on the 3.5% reported delinquency rate.

#### Adoption of the Board of Directors' Report

The Board of Director's Report was adopted on a motion moved by Mrs. Elizabeth Crooks-Brissett, seconded by Ms. Joyce Griffiths. All were in favour.

The President paused to welcome The Registrar, Mr. Errol Gallimore and Ms. Tanisha Facey from the Registrar of Co-operatives and Friendly Societies.

#### (a)Treasurer's/Financial Reports

The Treasurer, Mr. Alfred Graham presented the Treasurer's/Financial Reports. The Treasurer greeted the members and deemed it a pleasure to present the 2019 Financial Report.

Mr. Graham invited Mr. Dawkins Brown from Crowe Horwath to present the Auditor's Report.

Mr. Dawkins Brown informed the meeting that he would be presenting the report as at December 31, 2019 on-behalf of the Credit Union's engaging partner Ms. Simone Powell. He indicated that the detailed Financial Statement had been included in the AGM Booklet and could be viewed from Page 41 through to 99. Mr. Brown in giving the Auditor's opinion stated that the financial statements had given a true and fair view of the financial position of the Credit Union as at the 31st of December, 2019, and of its financial performance and its cash flow for the year just ended in accordance with the International Financial Reporting Standards (IFRS).

Mr. Brown also indicated that the auditing firm had obtained all the information and explanation, which to the best of their knowledge and belief, were necessary for the purposes of the audit. He reported that they were satisfied that proper accounting records had been maintained and the financial statements reflected the information required by the Co-operatives Societies Act.

The Treasurer thanked Mr. Brown for his presentation. He highlighted the following from the Treasurer/Financial Report:

The Credit Union continued to make strides and reflected an increase in all the key areas: total assets, loan portfolio, shares and deposits, membership; and delinquency. The Credit Union's liquidity was remained in good standing; and the Credit Union's capital base was solid. The surplus was increased by 100% over that of 2018 (\$26.11M) and ended 2019 at \$52.3M.

Key Performance Indicators	2017 (\$M)	2018 (\$M)	2019 (\$M)	Change 2019/2018
Total Assets	7,004	7,664	8,384	9.39%
Deposits	3,092	3,436	3,770	9.72%
Shares	2,450	2,813	3,205	15.04%
Loans	4,122	4,860	5,495	13.82%
Loan Interest Income	477	554	631	14.08%
Deposits Interest Expense	86	100	135	35%
Net Interest Income	507	532	572	7.52%
Gross Income	624	585	636	8.89%
Operating Expenses	488.0	559	584	4.47%
Net Income	136.3	26	52.3	100%
Members' Equity	1,199	1,146	1,182	3.14%
Institutional Capital	742	749	831	11.08%

The Treasurer commended and recognized the members of staff on their efforts to reduce operating expenses. He asked the members to acknowledge their efforts with applause.

The Treasurer drew the attention of the graphs presented on pages 26 and 27 of the AGM booklets. The graphs showed the month-to-month movement of four (4) key areas and the following were noted:

I. Total Assets grew by \$721M or 9.4% over 2018's balance of \$7.664Bn and ended the year at \$8.384Bn. Which represented real growth as according to STATIN, Jamaica's annual inflation rate was 6.2% in 2019.

II. Shares grew by \$392M or 13.9% to \$3.205Bn. Deposits on the other hand increased by \$334M or 9.72% and ended the year at \$3.770Bn.

III). Gateway experienced a record loan disbursement of \$2.759Bn compared to \$2.707Bn in 2018. It was reported that Net Loans grew by \$675M or 13.9% over 2018's balance of \$4.860Bn after a deduction of IFRS 9 loss provision of \$95.4M.

IV). Delinquent Loans at the end of December 2019 were valued at \$195M, which represented 3.5% of the Loans' Portfolio, well within the PEARLS ratio of 5%.

The Treasurer reported that Gateway's operating income for 2019 was approximately \$797M. The Operating Expenses incurred for 2019 amounted to \$584.6M.

#### **PEARLS RATIO**

The Treasurer explained that the P.E.A.R.L.S Ratio were the standards by which the Credit Union's operations were judged. He further explained that the Credit Union met all the standards with the exception of two (2) areas. He assured the members that the Credit Union had been moving in the right direction to achieve those standards over the last 2 years and would be compliant by meeting all standards within the P.E.A.R.L.S Ratio.

**ACKNOWLEDGEMENTS AND CONCLUSION**

The Treasurer informed the meeting that Gateway had a successful financial year, which had been achieved through team work. He extended special thanks to the Credit Union's: faithful members; hardworking management, staff and volunteers - special mention was made of the Finance Manager and her team; Auditors, Crowe Horwath - The Treasurer pointed out that although he was not reporting on 2020, he would like to thank the auditors for the guidance provided in 2020; Registrar of Co-operative and Friendly Societies; CMFG Insurance Company; Jamaica Co-operative Insurance Agency; and Jamaica Co-operative Credit Union League.

There were no questions/comments on the report presented by the Treasurer.

**ACCEPTANCE OF THE TREASURER'S REPORT**

The Treasurer's Report was adopted on a motion moved by Ms. Cornelia Brown, seconded by Ms. Andreene Williams. All were in favour.

The Treasurer sought and was granted approval from the Chair to continue with the other financial related matters on the Agenda.

**PROPOSAL FOR THE DISTRIBUTION OF SURPLUS**

Mr. Graham presented the proposal for the distribution of surplus as follows:

Available for Distribution	\$55,785,451.00	Allocation
Dividend on Permanent Shares (14%)		\$7,809,963.00
Honoraria (6%)		\$3,331,418.00
Permanent Reserve		\$44,000,000.00
Retained Earnings		\$644,070.00
<b>Total Distribution</b>		<b>\$55,785,451.00</b>

**ACCEPTANCE FOR THE PROPOSAL FOR THE DISTRIBUTION OF SURPLUS**

The Treasurer moved the resolution on behalf of the Board of Directors; it was seconded by Mr. Earl Green. All were in favour.

**RESOLUTION FOR RESERVE ACCOUNT TRANSFER**

The Resolution #2 as read by the Treasurer was as follows: "Whereas the Credit Union no longer holds investment properties be it resolved that the Board is hereby authorized to transfer any remaining balance in the Investment Property Reserve to the General Reserve".

**ACCEPTANCE FOR THE PROPOSAL FOR THE DISTRIBUTION OF SURPLUS**

The Treasurer moved the resolution on behalf of the Board of Directors; it was seconded by Mr. Earl Green. All were in favour.

**RESOLUTION FOR RESERVE ACCOUNT TRANSFER**

The Resolution #2 as read by the Treasurer was as follows: "Whereas the Credit Union no longer holds investment properties be it resolved that the Board is hereby authorized to transfer any remaining balance in the Investment Property Reserve to the General Reserve".

The Treasurer explained that the Investment Property being referred to was the upper floor of the building at 20 Church Street which had been previously rented. The property was no longer being rented but was being used to house offices for the Credit Union staff.



Acceptance of the Resolution for Reserve Account Transfer

The resolution was approved on a motion moved by the Treasurer, seconded by Mr. Clifton Freeburn. There were 87 votes in favour of the motion, 22 abstentions and 0 against.

#### **PROPOSAL FOR THE FIXING OF MAXIMUM LIABILITY**

In keeping with Rule 70, it was proposed that the maximum liability shall not exceed sixteen (16) times the Society's Permanent Capital.

Acceptance for the Proposal for the Fixing of Maximum Liability

The proposal was moved by the Treasurer on behalf of the Board, seconded by Ms. Sandina Williams. All were in favour.

#### **SUSPENSION OF THE STANDING ORDER**

A motion for the suspension of the standing orders to facilitate the presentation of the Nominating Committee's Report and elections was moved by Ms. Sandina Williams, seconded by Mrs. Jennifer Taylor-Wilson. All were in favour.

Nomination Committee Report

The Nomination Committee Report was presented by the Chairperson, Mrs. Synandre Montaque-Dwyer.

Mrs. Montaque-Dwyer extended thanks to the other members of the committee: Mrs. Lorna Rampasard, Miss Novia Parkinson and Mrs. Jaqueline Taylor. She apologized for the members of the committee that were not in attendance due to the COVID-19 restrictions.

The committee had several meetings to review the petitions received to fill the following vacancies: three (3) for the Board of Directors and Credit Committee respectively, and seven (7) for the Supervisory Committee. The Terms of Reference for the Nominating Committee, the Merger Agreement and the rules of the Gateway Co-operative Credit Union (2017) Ltd. were used to guide the process. The criteria used for the selections included experience, service at the corporate level, skill sets and other civic or community involvement.

The below table outlines the committee's recommended nominees and the distribution of term limits:

Names	Recommended Terms (Years)
<i>Board of Directors</i>	
Mr. Lambert Johnson	3
Mr. Glenroy Clarke	3
Mr. Bryce Grant	3
<i>Supervisory Committee</i>	
Ms. Charlene Soares	1
Ms. Angella Morris	1
Ms. Lorraine Scringer	1
Mrs. Autherine Dehaney-Archer	1
Ms. Ann-Marie Moseley	1
Ms. Sharon Nicholson	1
Mr. Donovan Goodley	1
<i>Credit Committee</i>	
Mr. Peter Reid	2
Mrs. Vivienne Frankson	2
Mr. Earl Green	2

Mrs. Montaque-Dwyer presented the nominees to the AGM.

Apologies for absence were tendered on behalf of Ms. Lorraine Scringer, Mrs. Sharon Nicholson, Mr. Donovan Goodley and Mr. Peter Reid who were unavoidably absent.

Acceptance of the Nominees

Ms. Bailey from the Department of Co-operative and Friendly Societies was invited to conduct the elections. Ms. Bailey declared the nominees for Board, Supervisory and Credit Committees elected by general consent.

Ms. Bailey advised the volunteers that a meeting should be held within 10 days to appoint their respective executives. After which, the names, addresses and other contact information should be submitted to the Department of Co-operatives and Friendly Societies and the Jamaica Co-operative Credit Union League Ltd. As well as all the other relevant stakeholders.

Mrs. Montaque-Dwyer thanked Ms. Bailey and congratulated the elected volunteers.



### **RESUMPTION OF STANDING ORDER**

A motion for the resumption of standing orders was moved by Miss Julane Taylor and seconded by Miss Sandina Williams.

The President recognized the sterling contribution of the Immediate Past Chairman of the Supervisory Committee, Mr. Keita Mendez.

#### (a)Supervisory Committee's

The Supervisory Committee's Report was presented by the Chairman, Mr. Keita Mendes.

The report was circulated previously and was taken as read on a motion moved by Mr. Bryce Grant, seconded by Mrs. Elizabeth Crooks-Brissett.

There being no questions, the Supervisory Committee's report was adopted on a motion moved by Mrs. Nicole Haughton-Johnson, seconded by Ms. Venetia Campbell.

A special welcome was extended to Mr. Robert Levy, Group CEO of the Jamaica Cop-operative Credit Union League.

#### (b)Credit Committee's

The Credit Committee's Report was presented by the Secretary of that Committee Mrs. Vivienne Frankson. Mrs. Frankson apologized for the absence of the Chairman, Mr. Peter Reid.

The report was circulated previously and was taken as read on a motion moved by Ms. Venetia Campbell, seconded by Mrs. Autherine Dehaney-Archer. All were in favour.

Mrs. Frankson highlighted the following:

- Motor Vehicle Loans disbursed during the year under review was approximately \$500M
- Mortgage Loans - she expressed that she was happy the members saw fit to access mortgage loans through the Credit Union.
- Loan Portfolio was \$2.7B

Mrs. Frankson thanked the Credit Team of Gateway for their continuous hard work and thanked the members for always thinking of Gateway to fulfill their financial needs.

### **ADOPTION OF THE CREDIT COMMITTEE'S REPORT**

There being no questions the Credit Committee's Report was adopted on a motion moved by Ms. Sandina Williams, seconded by Ms. Antoinette Blake.

### **9. RULE CHANGE**

Mr. Courtney Shaw from the Department of Cooperative and Friendly Societies led the meeting through the passing of the resolution (Page 108) which was read as follows:

"Whereas the Credit Union has relocated its registered office from 6 Sam Sharpe Square to 20 Church Street, Montego Bay; be it resolved that Article 1 Item 2 be amended to read as follows:

The Registered Office of the Society shall be 20 Church Street, Montego Bay, St. James or such other place in Jamaica as may be determined from time to time by the Board of Directors and notified to the Registrar and/or designated Supervisory Authorities."

The rule change was approved on a motion moved by Ms. Carolyn Barrett, seconded by Mrs. Jennifer Taylor-Wilson. There were 102 votes in favour of the motion, 7 abstentions and 0 against.

Mr. Shaw advised the Board of Directors that three (3) error free copies of the resolution should be submitted to the Registrar the following day for ratification.



Appointment of External Auditors

The appointment of the External Auditors, Crowe Horwath was approved on a motion moved by Mr. Keita Mendes, seconded by Mrs. Nicole Haughton-Johnson. All were in favour.

**10.ANY OTHER BUSINESS**

There were no matters presented.

**11.VOTE OF THANKS**

The President thanked the members for attending the meeting. He stated that it was the volunteers' pleasure to provide the membership with updates which showed that Gateway remained solid and was prepared to satisfy their financial needs.

**12.ADJOURNMENT**

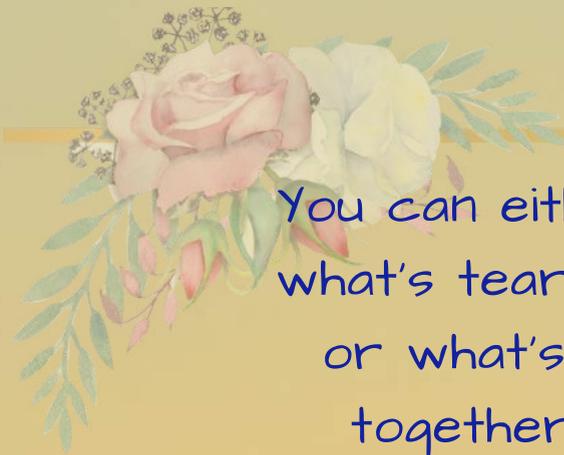
There being no other matter for discussion the 3rd Annual General Meeting of Gateway Co-operative Credit Union (2017) Ltd. was terminated by the President at 6:42 p.m.

A handwritten signature in blue ink, appearing to read 'Lambert Johnson', written over a horizontal dotted line.

Lambert Johnson (Mr.)  
PRESIDENT

A handwritten signature in blue ink, appearing to read 'Cleveland Parker', written over a horizontal dotted line.

Cleveland Parker (Mr.)  
SECRETARY



You can either focus on  
what's tearing you apart  
or what's holding you  
together- unknown





**GATEWAY CO-OPERATIVE  
CREDIT UNION (2017) LTD.**

*"Opening the way to your financial success"*

# **YOUR DREAM HOME STARTS WITH US.**

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MAIN STREET, LUCEA, HANOVER

20 CHURCH STREET, MONTEGO BAY, ST. JAMES

UNIT 14, THE MARKETPLACE, BOGUE ESTATE, FAIRVIEW,  
MONTEGO BAY

# BOARD OF DIRECTORS



**1ST ROW (LEFT TO RIGHT)**  
Alfred Graham- Treasurer  
Rev. Glenroy Clare - Vice  
President  
Mr. Horace Smith- Director

**3RD ROW (LEFT TO RIGHT)**  
Rodcliffe Robertson- Asst. Secretary  
Synandre Montaque-Dwyer- Director  
Cleveland Parker- Secretary

**MIDDLE ROW (LEFT TO RIGHT)**  
Bryce Grant- Director  
**LAMBERT JOHNSON- PRESIDENT**  
Vincent Rose-Asst. Treasurer

# PRESIDENT'S REPORT



## **PREAMBLE AND GENERAL OVERVIEW**

2020, characterized by its many unknowns and uncertainties provided the impetus for Gateway to live up to its Vision- “the empowerment of our members.” The dawn of 2020 looked appealing; however, March 2020 was the genesis of Jamaica’s first “taste” of the global COVID-19 Pandemic. It was indeed rough sailing through uncharted waters. For most of 2020, we had to make many unexpected adjustments to how we live, work and do business—including the daunting task of wearing masks. As Jamaicans, we are social butterflies and the quarantining and social distancing placed a significant dent on our lives as we tried to adjust to the new normal.

Our members were faced with the harsh realities occasioned by this Pandemic. They too were faced with job losses, dwindling business profits, economic stresses, while at the same time having to keep a close eye on the health and well-being of themselves and their families. Our beloved members of staff also faced similar challenges; and, yet, together we sought a way to navigate through to the end of the year- to stay connected, to reimagine our work, and to find creative solutions, all focused on providing our members with ongoing excellent member service in a safe way. In this unique moment in time, we found ways to be the institution that continued to “help its members succeed.”

We supported our members faced with uncertain financial times by offering loan moratoriums for three months in the first instance and further extended an additional nine months for our members who remained unemployed due to job loss arising from the Pandemic. In addition, members were also granted payments breaks on their Family Indemnity Plans, Golden Harvests and Partner Plans. Your Gateway continues to invite members who are still experiencing challenges to reach out to us for individualized /customized payment arrangements.

Your patience during our transition and early closures have not gone unnoticed. We admired and wish to highlight your unwavering loyalty, waiting in long lines outside our office building to conduct your business. The need for online banking services had therefore become very apparent, as whilst we enjoy interacting with you, our beloved member-owners, we want to continue to remain safe and allow you the freedom of conducting your business – anywhere, anytime.

The year 2020 may be classified as the year of pivoting. Gateway had to navigate against the rigors of the economic fall-out and resultant declines in the Loans and Savings Portfolio; and corresponding impact on staff morale; introduction of a Moratorium period; re-location of offices; conversion from the existing core banking system and the implementation of a new core banking system; courting On-Line Banking and concluding the year with increased restrictions. Hence, a number of related triggers were identified inclusive of:

the development of a regulatory framework to govern the risk response programme;

- economic declines;
- development of social programmes and the appeal for financial inclusion;
- digital transformation;
- data protection and cybercrime exposures;
- price increases;
- elections in the United States of America and Jamaica; culminating in
- community spread, spikes and increased restrictions.



## ECONOMIC REVIEW

The prevalence of COVID-19 cases globally and locally negatively impacted economic activities through reduced demand and a slowing in the pace of re-opening. Since March 2020 restrictions were implemented to manage the spread of the COVID -19 virus. These restrictions placed further strain on the economy resulting in weakened businesses, uncertainties regarding the duration and impact of the Pandemic as well as lower disposable income due to either direct job losses or significantly reduced works hours.

GDP Performance: For the calendar year 2020, real GDP estimated to have fallen by 10.2%. This was the first year of contraction following seven consecutive years of GDP growth. The downturn in economic activity was attributed to the global spread of COVID-19 and the associated measures implemented to mitigate its transmission.

In its Labour Force Survey STATIN reported that the rate of unemployment stood at 10.7% (which represented 3.5% points higher than that which was recorded in 2019). The employed labour force contracted by 92 600 persons to 1,155,800 persons relative to October 2019. The employed labour force by industry group as at October 2020 revealed that 11 of the 15 industry groups recorded lower employment levels. Among these were: Arts, Entertainment, Recreation and Other Services, down 36,900 persons; Accommodation & Food Service Activities, down 23,400 persons and Education, Human Health and Social Work Activities, down 10,000 persons.

Given these realities the short-term prospects for the Jamaican economy appeared challenging based on:

- An uptick in the COVID-19 positivity rate in the local economy and the increased possibility for the extension of current restrictions and the implementation of additional restrictions during the quarter.
- The implementation of new COVID-19 restrictions in the economies of Jamaica's main trading partners in Europe and North America which will dampen external demand for key goods and services, for example tourism services.
- Slower than expected pick up in the global economy, especially in the travel industry, which will also have implications for the demand of Jamaican goods and services.
- Lower output in Agriculture due to the fall-out in demand associated with the downturn in the Hotels & Restaurants industry.
- A general downturn in demand and output in the short-term reflecting the impact of: a. increased unemployment levels; b. reduced business and consumer confidence levels; and c. reduced operating hours for some businesses due to curfew restrictions.

We are however hopeful that some semblance of normalcy will be achieved in 2021.

### Strategic Focus and Operational Review

Your Credit Union was not exempted from the realities that arose from the Pandemic. Therefore, the Board made some strategic decisions that were geared towards minimizing, as much as possible, the negative effects – especially on our “numbers.”

We realized that increasing or maintaining revenue and asset size may prove to be a challenge, therefore, we explored avenues to help alleviate some of the financial pressures by focusing on operational efficiency. We sought to accomplish this by examining our Operational Expenses, which was at the top of our priority list and a factor that the Credit Union had some amount of control over. We acknowledged that expense management is the best way to eke out profits in the absence of growth. It is only through this path that we would be able to make a change in our operating procedures and processes to reduce cost and, in the process of making things more efficient, improve member experience. Projected income from loan interest would have been significantly reduced due to the moratoriums that were granted and also, deposits rolled in quite slowly as the effects of the Pandemic drove home towards the latter part of the year.



Notwithstanding, I take great pleasure in advising our membership that Gateway was able to realize growth in all key performance areas. Additionally, we were able to reduce operational expenses resulting from our revised cost-containment efforts. Delinquency as at the end of the financial year stood at 3.2%. We saw an increase over 2019 in the areas of savings and deposits as well as loans. We were able to close the year with a Net Surplus of \$103 million which represented an approximate 98% increase over 2019. The Treasurer's Report will give further detailed of our financial standing.

### **EXPANSION AND RENOVATION**

One of our greatest achievements of 2020 was the opening of our full-service Fairview Branch Office on August 10th at Unit 14, The Market Place. Yes, your Board promised- and we delivered. Additionally, we closed the doors of our Sam Sharpe Square Branch and relocated the operations to a first class renovated branch at 20 Church Street, Montego Bay. The feedback from our members have been satisfying so far. We are aware that we have more to address, and so we are careful to inform you of the below concerns that we will be addressing in 2021.

#### **COMING SOON IN 2021:**

1. Falmouth Branch- scheduled to be opened on or before the end of the 1st quarter.
2. Possession of property under discussion for purchase, 18 Church Street (beside our current office location) to house drive thru-teller service and parking for members and staff by the end of the 3rd quarter.

Our expansion and strategic plans also included Increasing Technology as follows:

1. Change on our operating software- November 2, 2020, we went live with our new operating system, Encompass; a software from AMI, Wisconsin, USA. The change in our operating system was aimed at using technology to increase efficiency and productivity; whilst serving our members with excellence and that convenience that they so long asked for and are well deserving of. This new system will allow for, home/mobile banking, automating processes and will provide a better document management system for our members information electronically.
2. Home Banking is scheduled to go-live by end of 2nd quarter of 2021, allowing our members to conduct business anywhere...anytime
3. E-Banking stations will be located at the Church Street Branch and is scheduled to go-live by the end of the 2nd quarter; with full implementation by the end of 2021.
4. Increase in Automated Teller Machines (ATMs) across parishes - we will be increasing ATMs in Hanover and St. James to better serve our members with convenience and 24-hour banking services.
5. Additionally, we are looking at upgrading and rebranding our Debit card, however, we will provide information on same as soon as it is available.

COVID-19, has taught us well in using technology to drive our business as well as serve our members. We have and still is investing in technology to ensure, should there be another pandemic our adverse happenings, your credit union will be ready.



## RISK AND COMPLIANCE

Our Management Team and Board of Directors were challenged to pro-actively re-align strategic goals and our risk appetite to treat with the risks and opportunities presented by the uncertainties. In so doing, our Risk Responses included the transfer, acceptance, reduction and avoidance of the myriad risks and capitalizing on the opportunities presented.

At Gateway, we were compelled to creatively devise strategies to respond in a timely and effective manner to the risks enveloping our operations arising from and incidental to the global pandemic, COVID-19. Business Department Managers collectively identified, assessed and coined responses in the development of the Risk Response Plan, allowing for increased accuracy in the reporting landscape on the threats and opportunities impacting the Credit Union and the development of strategies to mitigate our exposure. Incidentally, we were engaged by the Jamaica Co-operative Credit Union League (JCCUL) to facilitate the sharing of our Risk Response Plan within the Credit Union Movement. The ERM Framework provided the opportunity for Gateway to respond to a rapidly changing business environment effectively. Considering the unanticipated pandemic and its extensive socio-economic impact coupled with the inevitable increase in operating costs and the impact on Liquidity and the Expected Credit Loss, a strategic decision was made to, inter alia, suspend the traditional bonus payments made at the end of the year. Notably, Gateway was tasked with not only implementing the protocols mandated by the Ministry of Health and Wellness which included the mandatory wearing of masks, social distancing and installation of hand sanitizing facilities, but was also compelled to establish measures that would sustain business continuity. Additionally, the implementation of the requirements under the various Disaster Risk Management (Enforcement Measures) Orders and administrative guidelines issued by the Ministry of Health and Wellness were matters that demanded our attention and the allocation of resources for implementation and monitoring. The guidelines included the:

- COVID-19 Workplace Protocols;
- Interim Guidance for COVID-19 – Recommendations for Infection, Prevention and Control for Employers, with attached COVID-19 Risk Ranking Tool for Workplaces (to be completed monthly) as well as the COVID-19 Risk Assessment Tool for Employees (to be completed for positive COVID-19 cases);
- Environmental Health Guidelines for the Cleaning and Disinfection of Public Places;
- Public Health Inspection Checklist for Workplaces, Public Facilities/Spaces – COVID-19.

Additionally, the requisite approval of the Board of Directors was secured to allow for the adjustments to our Authorities Schedule, changes to our Risk Appetite as well as Risk Tolerance and a Communication Plan developed for the issuance of advisories to our stakeholders. Accordingly, Gateway was required to tailor its operations and complete the requisite administrative documents to ensure compliance on inspection by Ministry of Health and Wellness personnel.

Correspondingly, a few members of staff were also commissioned to work from home, thereby re-emphasizing the need to approve and implement a Work from Home Policy. A noteworthy challenge related to the regulatory requirement to host an Annual General Meeting; the circumstances dictated a postponement, as the regulatory framework of Co-operative Societies did not provide for virtual or hybrid meetings. Accordingly, the legislative wheels were oiled to provide for an amendment to the Co-operative Societies Regulations, 1950.

As a part of the financial architecture, Gateway was also compelled to comply with the reporting requirements issued by the Bank of Jamaica (BOJ) (fortnightly and thereafter monthly) as well as the observance of the guidelines issued by the BOJ on Payment Accommodations (Moratoriums), Liquidity Management, IFRS9 Considerations and Impact on the Expected Credit Loss.

Operating within the Tourism belt, Gateway's risk exposure offered unique challenges; as such, our responses as well as treatment of the opportunities presented, required the creative synergies of the Management Team, ERM Sub-Committee and the Board of Directors. The adverse impact occasioned by the declines in visitor arrivals, closure of hotels, redundancies and corresponding impact on related service industries, negatively impacted our Membership,



Loan Growth and Loan Payments. In an attempt to strike an appropriate balance, Gateway offered a Loan Repayment Holiday on the principal amounts to members with the hope of continued servicing of interest payments; however, the latter aim was not realized. At the close of 2020, the Unaudited Expected Credit Loss amounted to \$125M.

Undoubtedly, the continued uncertainties in the health and economic landscape, reaffirms the importance of a dynamic ERM programme, as the programme facilitates risk informed decisions and thereby allows institutions to appropriately respond to both foreseeable and resultant challenges.

#### **MARKETING, PUBLIC RELATIONS, OUTREACH AND COMMUNITY INVOLVEMENT**

Gateway and employees are committed not only to serving you, our valued members, but we're also dedicated to serving our community. Whilst we were cognizant of the paucity of financial resources during the year, we never neglected our Corporate Social Responsibilities. The following calendar events were postponed due to the Pandemic: The Annual Quiz Competition and the B.L.A.Z.E High School Competition. Notwithstanding, we were able to do the following:

##### **1.SCHOLARSHIPS-**

Gateway issued 24 new Bursaries to students entering High School totaling \$770,000.00. An amount of \$568,000.00 was awarded to our existing recipients that were under the 5-years Primary Exit Programme (P.E.P). We are happy to report that during 2020, Gateway issued the Bayley Hays and Herman Johnson University and College Scholarships respectively for the first time. We awarded three (3) recipients under this programme and one Bursary totally \$550,000.00. In total Gateway contributed approximately \$2.0 million towards Scholarships for 2020.

##### **2.CREDIT UNION WEEK-**

Credit Union week in 2020 was nothing short of engaging and informative. Although we were somewhat handicapped by the Pandemic, we hosted our first ever Virtual Conference over a period of 3 days under the Theme "Managing your health... Managing your Wealth." We were privileged to have speakers from various fields educating us on the following areas: 1) Maintaining good mental health during a Crisis 2) Estate Planning 3) Business Planning 4) Taxation 5) Managing your Business and Using Digital Marketing to drive your business. The Webinar was a huge success and we saw an uptick of members engaging online. The following were also done during Credit Union week:

- Tablet Drive: Gateway invested an amount to the tune of \$600,000.00 towards the provision of tablets for needy students in the parish of Hanover. This initiative was done through the Social Development Commission (SDC) - Hanover. Gateway received commendations from the business community for making this contribution.

##### **-SMALL BUSINESS PROJECT:**

Gateway is desirous of building out a small-business brand and chose to collaborate with SDC in reaching out to mutual Stakeholders (small business owners) in providing financing to these Entrepreneurs to grow their businesses. This need became quite apparent during the pandemic and the Marketing & Sales team met with approximately 80 persons who were invited to submit Business Plan for a chance to receive funding to the tune of \$1.5 million. Two businesses were selected and will be granted funding as per the terms and conditions decided by the Committee.

##### **-READY SET GROW 2.0-**

During 2020, Gateway campaigned for members to start/continue being frugal and in as much as possible be self-sufficient. Your CU invested an approximate amount of \$320,000.00 towards providing seedlings to our members across all our branches. The READY...SET...GROW drive was done twice in 2020 and the members were very appreciative of this gesture. We partnered with the Rural Agricultural development Commission (R.A.D.A) on this project.

##### **BARBER SHOP PROJECT -**

Gateway Sponsored the opening of the Donaldson and Spence Barber Salon in Lucea Hanover. Messrs Donaldson and Spence both received financing from Gateway and have agreed to be Brand Ambassadors. We were delighted and we are looking forward in growing our members businesses and accumulating more ambassadors.

##### **CHRISTMAS TREAT-**

Gateway collaborated with the Janet Richards Foundation in hosting a Christmas Treat on the children's ward at the Cornwall Regional Hospital.

**DONATIONS AND SPONSORSHIPS-**

During the years we awarded approximately \$1,178,000.00 on donations and sponsorships.

We will continue to give back as much as possible to our members and the communities in which we serv. This is just a small way to say thank you for being a part of the Gateway family. We are who we are because you made us who we are.

**HUMAN RESOURCES**

It is the prerogative of Gateway to have one of the best cadres of human resources in the financial industry. As such, all efforts are geared at developing our human capital. In keeping with our 2020 strategic objectives, a number of initiatives were outlined to continue building the capacity of our team members through area specific and general service trainings, along with internal cross-training, promotions, transfers and acting opportunities.

Ms. Sandina Williams was appointed as Human Resource & Administration Manager. So far, Miss Williams has been doing an excellent job in ensuring that our staff members remained, engaged, encouraged and enjoy a work environment conducive to growth and excellent member experience.

The following trainings were done in 2020:

- Risk Training with Jamaica Co-operative Credit Union League (JCCUL)
- Proceeds of Crime Act with Financial Investigation Division
- Know Your Customer and Know Your Employee Training with Jamaica Cooperative Credit Union League (JCCUL)
- Credit Assessment Techniques Workshop with the Jamaica Institute of Financial Services (JIFS)
- Human Resources Management Association of Jamaica (HRMAJ) Virtual Conference
- JCCUL New Staff Orientation
- JIFS Anti-Fraud Seminar

A total of 7 staff members were cross-trained in various areas of organization while over 22 acting opportunities were approved during the year.

Education Grants -A total of 5 staff members benefitted from the pool of funds to pursue their tertiary level education.

A number of activities were derailed in 2020 with the onset of the Coronavirus. In response to the global pandemic Gateway implemented several measures to ensure the safety, health and security of our staff at all locations:

- We engaged a full-time Sanitization Team to service all our Branches
- All stations were outfitted with the requisite sanitary supplies
- Staff members were granted special leave with pay in instances of quarantine
- Change Management Workshop was conducted by Dr. Nsombi Jaja - Certified Management Consultant
- All trainings and meetings were done virtually
- Our office hours and working hours were adjusted in line with the stipulations
- Sufficient food supplies were ascertained to provision for the staff
- Masks were purchased and distributed to all staff and security personnel
- Work-from-home arrangements were implemented for applicable positions
- Care packages were distributed to all line staff and support teams
- Loan Moratorium was extended to employees in need

Despite the unprecedented impact of the pandemic on the economy, Gateway was able to retain the full staff complement and, employ additional staff to outfit our newest Branch at Fairview. A total of 13 employees separated from the organization in 2020. We ended the year with a staff complement of 87 full-time employees and 17 contract workers.

Gateway values its human resource and believe in providing and maintaining employee satisfaction in all we do. Our employees are our greatest asset and we will continue to invest in their overall development which would in turn help in making Gateway the financial institution of choose to our current and prospective members.

**BOARD OF DIRECTORS ATTENDANCE**

Your Board members took their responsibilities seriously and were present at almost all meetings. Their punctuality is admirable.



	ATTENDED	ATTENDED	EXCUSE
LAMBERT JOHNSON	11	11	0
GLENROY CLARKE	11	11	0
HORACE SMITH	11	10	1
ALFRED GRAHAM	11	11	0
CLEVELAND PARKER	11	11	0
SYNANDRE MONTAQUE-DWYER	11	10	1
RODCLIFFE ROBERTSON	11	9	2
BRYCE GRANT	11	10	1
VINCENT ROSE	11	10	1

**APPRECIATION AND ACKNOWLEDGEMENT**

I wish to express my sincere appreciation to my fellow Board Members, whose skillsets added much value to the Credit Union. The late-night Virtual meetings and your commitment to the “Gateway Cause” is commendable.

I also want to highlight the hardworking sub-committees that “got-the-job-done.”

These committees were successful in carrying out the mandate with which they were given. The team that spearheaded the Fairview relocation and Church Street projects as well as our active HR Committee.

Our Information Technology and Enterprize Risk Management Committees ensured that one of our major strategic priorities (to optimize our processes through technology) and to Manage the risk in the Credit Union did a fantastic job throughout the year, when their roles and functions were intensified during 2020.

Our Credit Committee must be commended for their diligence in managing the key portfolio of the Credit Union and to the “watchdog”- Supervisory Committee that ensured we were acting in accordance with our policies, procedures and best practices.

We recognized the priceless contribution of our many stakeholders whose contributions assisted Gateway in achieving its goals. If it is one thing, this Pandemic has taught us all, is the importance of working together. The following persons and institutions epitomized that spirit and it would be remised of me not to mention.

- Our member-owners
- Our staff
- Our Regulators and partners- Registrar of Co-operatives and Friendly Societies, The Jamaica co-operative Credit Union League, CUNA Caribbean Limited, Quality Network Co-operative Limited, the National Union of Co-operative Societies and The Credit Union Fund Managers Company Limited.
- Our Auditors- Crowe Horwarth



Your Board has complete trust in our credit union's Leadership team and their ability to make sound business decisions for our future success. We're confident that Gateway will remain safe, stable and sound. For as long as this Pandemic may last, Gateway will continue to adjust its service delivery to ensure the health and safety of our staff while maintaining business continuity with minimal disruption to our members. Looking forward to 2021 and beyond, Gateway will continue to evolve and look at our products and processes to help make our members lives better.

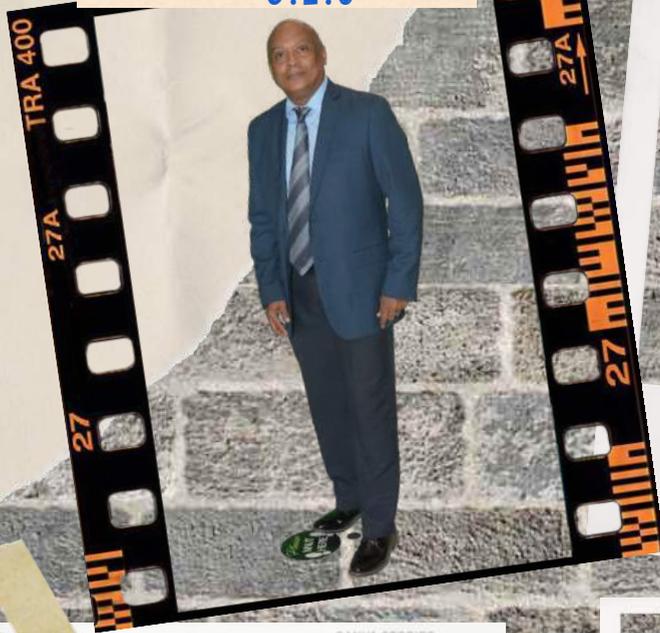
All the best for 2021 and beyond

Your elected President

A handwritten signature in blue ink, appearing to read 'Lambert Johnson', written over a horizontal line.

Lambert Johnson

**ORNELL BEDASSE-  
C.E.O**



**JENNIFER TAYLOR-WILSON  
GENERAL  
MANAGER (OPERATIONS)**



**TASHICA EVANS-WATSON  
FINANCE MANAGER**



**NICOLE HAUGHTON-JOHNSON  
MARKETING & SALES MANAGER**



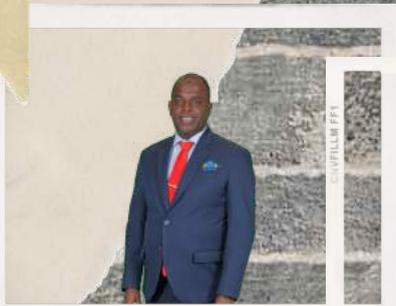
**ALTAMONT KING  
I.T MANAGER**



**HERMAN NEEDHAM  
BRANCH SUPERVISOR- FALMOUTH)**



# MEET OUR LEADERS



**DANOVAN REID-  
CREDIT MANAGER**



**SANDINA WILLIAMS  
HR MANAGER**



**CINDY BROWN-  
INTERNAL AUDITOR**



**RHONDA SAMUELS-  
BRANCH MANAGER-  
CHURCH STREET**



**KADIAN KERR-SHAW  
BRANCH MANAGER- LUCEA**



**RICARD MALCOLM- BRANCH  
MANAGER-FAIRVIEW**



**FELECIA SPENCE-  
DELINQUENCYMANAGER**

# MEET OUR LEADERS



# TREASURER'S REPORT

The year 2020 will be remembered as a year that could best be classified in one word: "Unprecedented". The COVID 19 pandemic developed rapidly during 2020 which resulted in drastic measures being implemented by the Government of Jamaica to curtail the spread of the virus. Such measures had a devastating effect on the economic and social wellbeing of the citizens of Jamaica, of which Gateway's members were not immune.

The management team proactively implemented a number of measures in an effort to monitor, minimize and mitigate against the negative impact of the virus on our members and the financials. I am happy to report that based on the measures implemented and the resilience of our members, the financial results for 2020 was very commendable.

Gateway experienced growth in all core financial areas: Total Assets, Loans Portfolio, Shares, Deposits and Membership. Additionally, we closed the year with a delinquency rate of 3.2%, maintained strong liquidity, a firm capital base and an increased surplus of approximately 100% over 2019.

We had a Net Loans growth of 10.7% (\$581M) over 2019 (2020 \$6Bn, 2019 \$5.495Bn), with over \$2.3Bn in loan disbursement. Operating revenues increased by 12% over 2019 despite there being no new or increased fees during the year. There was also a decline in operating expenditures by 0.66% over 2019, a direct result of the cost containment measures implemented. The above along with extraordinary income from the sale of the Sam Sharpe Square property resulted in Gateway realizing a Net Surplus of \$103M, approximately 100% increase over 2019 surplus of \$52M.

10%

**NET LOANS  
GROWTH**

Gateway performed remarkably well benchmarked against the PEARLS Standard. All ratios were within the acceptable range with the exception of the Non-earning Assets/Total Assets and Net Income/Ave Total Assets. There was a decline in the Non-earning Assets/Total Assets ratio from 9.2% in 2019 to 8% in 2020 a movement in the right direction as it inches closer to the standard's acceptable ratio of  $\leq 7\%$ . The Net Income/Ave Total Assets ratio also had a positive movement as it increased from 0.7% to 1.1% against the acceptable ratio of  $\geq 2.3\%$ . The results of the positive movements in these two ratios are a direct result of the strategies of cost containment, loan and revenue growth spurred by the Board of Directors during the past few years.

12%

**INCREASE IN  
OPERATING  
REVENUE**

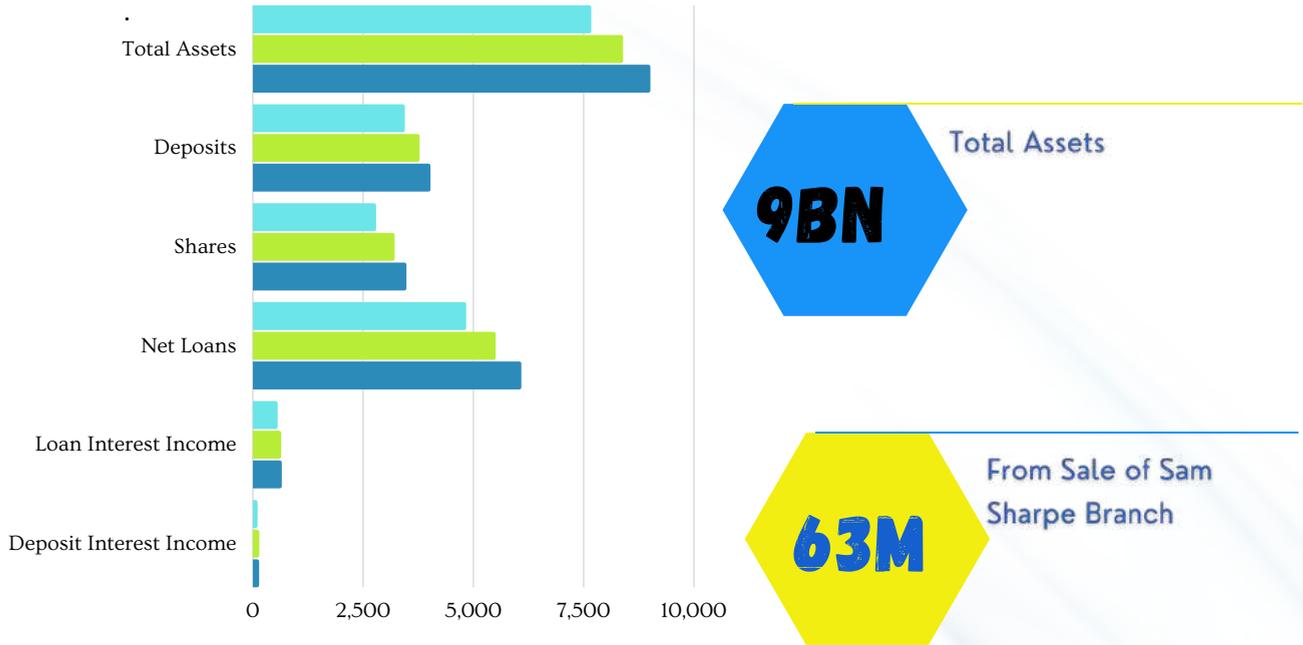
3%

**DELINQUENCY  
RATE**

TREASURER'S REPORT



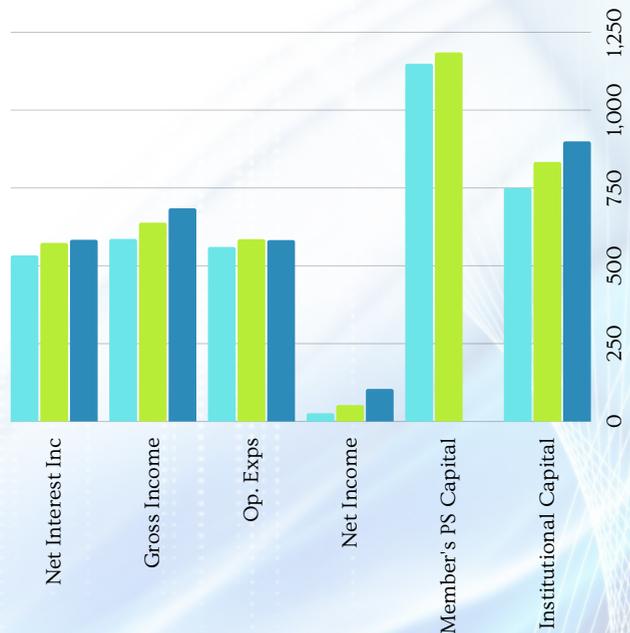
KEY PERFORMANCE INDICATORS (3 YRS REVIEW)



103 MIL NET SURPLUS

TOTAL ASSETS GROWTH

Gateway achieved another milestone during 2020 as its Total Assets reached \$9Bn. Total Assets grew by \$618M or 7.4% over 2019 balance of \$8.384Bn to end the year at \$9Bn. This represents real growth as Jamaica's annual inflation rate as per STATIN for the calendar year 2020 was 6.4%.



TREASURER'S  
REPORT

**KEY PERFORMANCE INDICATORS**



**SHARES & SAVINGS DEPOSITS (MOVEMENT IN)**

Shares increased from \$3.205Bn to \$3.471Bn a growth of \$266M or 8.3%. Deposits increased from \$3.770Bn to \$4.016Bn a growth of \$246M or 6.5%.

**LOAN GROWTH**

Despite the economic challenges brought on by the Covid-19 pandemic, Gateway was able to achieve a disbursement of \$2.34Bn in loans during 2020 and a Net Loans growth of \$581M or 10.6% over 2019 balance of \$5.59Bn. IFRS 9 expected credit loss provision for 2020 was \$121M an increase of \$26M over 2019 \$95M.

**DELINQUENCY**

Our members benefited from a Loan Moratorium period during 2020. This significantly assisted our members as they could make no or part payments on their loans without the burden of their loans becoming delinquent. Delinquent loans at December 31, 2020 were \$198M or 3.2% (2019 \$195M or 3.5%).

**OPERATING INCOME**

Operating income for 2020 is \$833M (2019 \$797M) of which interest income was \$719M (2019 \$712M) and Fees \$107M (2019 \$81M).

**EXTRA-ORDINARY INCOME**

The Sam Sharpe Square Property was disposed of during the year, realizing a gain of \$63M.

**OPERATING EXPENSES**

Operating expenses incurred for the year amounted to \$581M (2019 \$585M) in support of a number of operational and Public Relations/ Marketing initiatives undertaken throughout the year.

**NET SURPLUS**

The gain on the disposal of the Sam Sharpe Square property (\$63M), effective cost savings measures and other actions implemented by management to curtail the negative impact of the COVID 19 pandemic on its operations provided the impetus for a \$103M (2019 \$52M) surplus.



## PEARLS RATIO

Gateway's performance against the international PEARLS Standard is set out below:

INDICATOR	STANDARD	2020	2019	2018
<b>PROTECTION-Provision for loan losses</b>				
1. Provision Loan Losses/Delinquency >12 Mths	100%	100%	100%	100%
2. Provision Loan Losses/Delinquency 6<12 Mths	60%	60%	60%	60%
3. Provision Loan Losses/Delinquency 3<6 Mths	30%	30%	30%	30%
4. Provision Loan Losses/Delinquency 2<3 Mths	10%	10%	10%	10%
<b>EFFECTIVE FINANCIAL STRUCTURE</b>				
Net Loans/Total Assets	60-80%	67.6	66.0	63.4
Savings Deposit/Total Assets	70-80%	83.3	83.2	81.2
Net Inst. Capital/Total Assets	>/=8%	10.0	11.5	11.6
<b>ASSET QUALITY</b>				
Delinquency Loans/Gross Loan Portfolio	</=5%	3.2	3.5	3.5
Non-Earning Assets/Total Assets	</=7%	8.0	9.2	10.1
<b>RATES OF RETURN &amp; COSTS</b>				
Total Operating Expense/Average Total Assets	</=8%	6.5	7.3	7.6
Net Income/Average Total Assets	>/=2.3%	1.1	0.7	0.4
<b>LIQUIDITY</b>				
Liquid Assets- Payables/ Total deposit savings	20%-30%	33.8	33.8	21.5
<b>SIGNS OF GROWTH</b>				
Membership	>/=5.0%	3.3	5.3	8.4
Asset	>Inflation	7.4	9.4	9.4

### ACKNOWLEDGEMENTS AND CONCLUSION

During the year we changed our core banking software from Mercury to Encompass; a strategic move to increase operational efficiency and to provide the platform for us to launch our online banking services, as we continue to Serve Our Members With Excellence.

I am honored to have served as your Treasurer for the year and wish to thank my fellow Volunteers for their support. I must also extend immense gratitude to the Finance Manager and her team for managing the finances prudently. Their commitment and dedication are greatly appreciated.

Thanks to:

- Our faithful Members
  - Hardworking Management, Staff and Volunteers
  - Auditors - Crowe Horwath
  - Registrar of Co-operative & Friendly Societies
  - CMFG Insurance Company
  - Jamaica Co-operative Insurance Agency
  - Jamaica Co-operative Credit Union League
- for the assistance provided throughout the year.

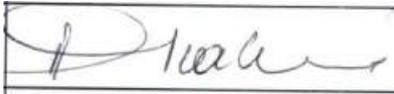
The financial statements provide further details on our financial performance. We remain committed to meeting the needs of our membership and to long-term strategies as we strive to be the best financial partner we can be.

Alfred Graham (Mr.)  
TREASURER

**PROPOSAL FOR THE DISTRIBUTION OF SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2020.**

Available for Distribution	\$ 81,995,783.00
Dividend on Permanent Shares (16%)	\$ 13,119,325.00
Honoraria (6%)	\$ 4,919,746.00
Permanent Reserve	\$ 50,000,000.00
Retained Earnings	\$ 13,956,712.00
<b>TOTAL DISTRIBUTION</b>	<b>\$ 81,995,783.00</b>

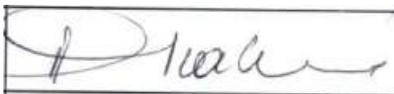
For and on behalf of the Board of Directors.



Alfred Graham  
Treasurer

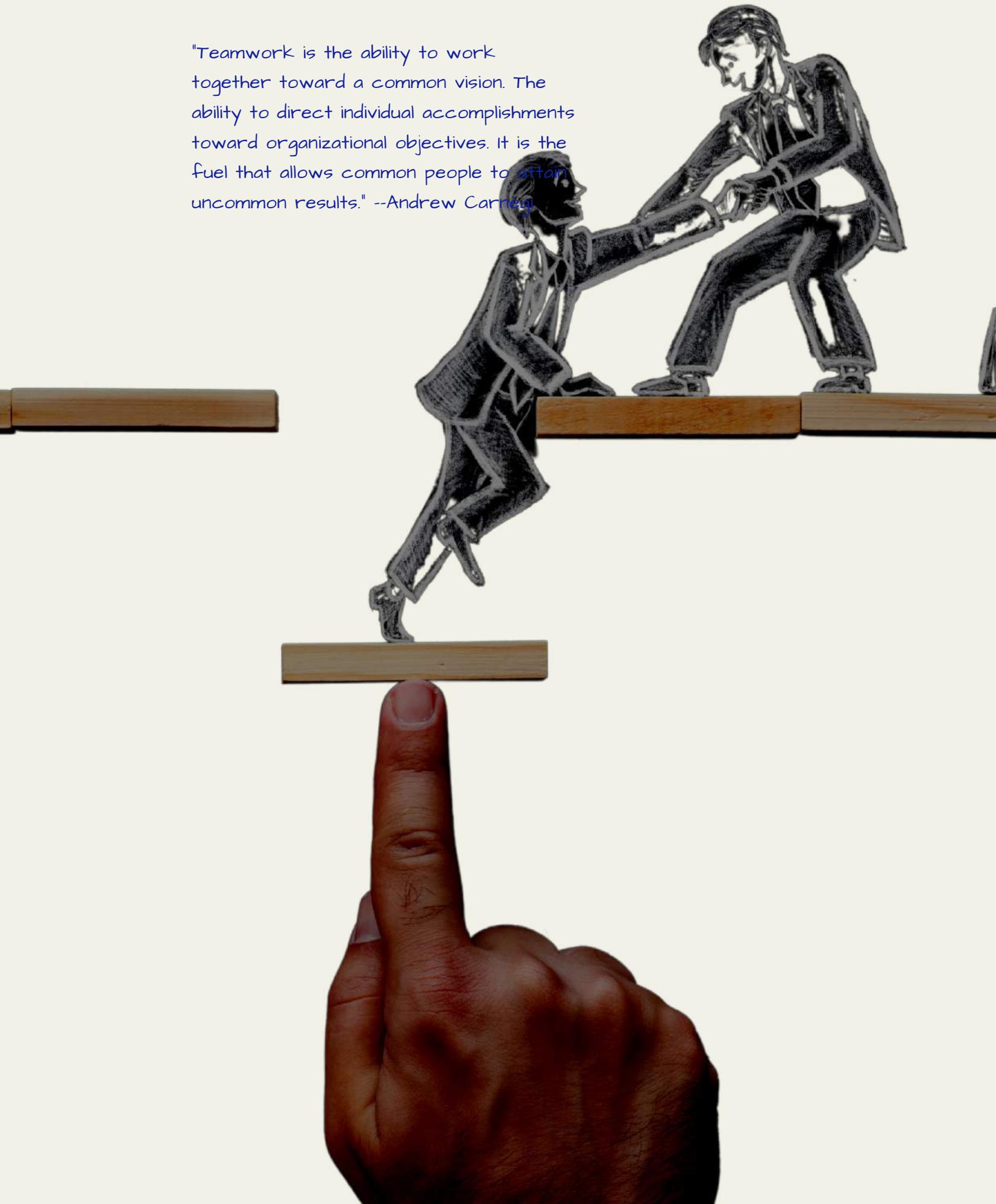
**PROPOSAL FOR THE FIXING OF MAXIMUM LIABILITY TO DECEMBER 31, 2020.**

In keeping with Rule 70 it is proposed that the maximum liability shall not exceed sixteen (16) times the Society's Permanent capital.



Alfred Graham

"Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishments toward organizational objectives. It is the fuel that allows common people to attain uncommon results." --Andrew Carnegie





**GATEWAY CO-OPERATIVE  
CREDIT UNION (2017) LTD.**

*"Opening the way to your financial success"*

# **GET MOVING WITH A CAR LOAN FROM GATEWAY**



 **LOW FEES**

 **FAST TURNAROUND TIME**

 **COMPETITIVE RATES**



**100% MEMBER SERVICE GUARANTEED**

*"Opening the way to your Financial success"*

# CREDIT COMMITTEE'S REPORT



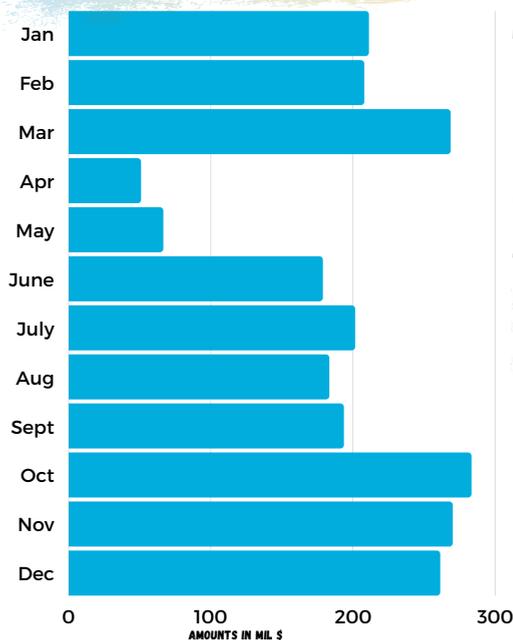
From left to right: Andreene Williams (Secretary); Vivienne Frankson; Earl Green; Peter Reid (Chairman); Errol Chattoo



The year 2020 was characterized by worldwide disruptions, travelling restrictions and severe economic challenges due to the Global Pandemic caused by COVID-19, SARS Cov-2 Virus. Nevertheless, Gateway masterfully weathered the storm by offering financial counselling and a 12 months loan repayment holiday to all our members.

For the financial year Jan-Dec 2020 Gateway disbursed a total of \$2.374 billion which represented a decline of 16.17 % when compared to the previous year. An infographic summary of the loan disbursed for the period is stated below:

## 2020 MONTHLY DISBURSEMENT TREND



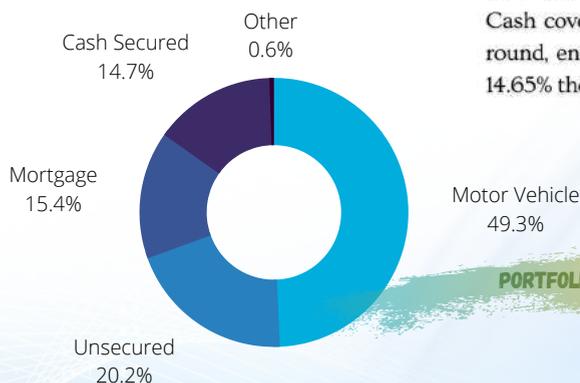
A breakdown of loans disbursed during the year under review is set out hereunder:

LOAN PURPOSE	NUMBER	VALUE
CASH SECURED (INTERNAL)	3552	655,230,235.82
CASH SECURED (EXTERNAL)	7	1,904,300.00
MORTGAGE	45	554,082,004.57
MOTOR VEHICLE	399	715,571,037.70
UNSECURED	963	448,056,780.64
<b>TOTALS</b>	<b>4766</b>	<b>2,374,844,358.73</b>

Staff loans taken throughout the year amounted to \$69,554,420.48.

These figures indicate our continued effort to improve the standard of living of all Members of Staff.

Loans secured by Motor Vehicle trended downwards throughout the year but continue to dominate the loan portfolio accounting for 44.70% of Gateway's total loan portfolio, in comparison to 49.29% December 2019. Unsecured loans portfolio experienced marginal increase, ending the year at 20.47%, when compared to 20.16% during the corresponding period the previous year. Mortgage loans accounted for largest movement in terms of aggregate, increasing the spread over the 12 months period from 15.35% at the end of 2019 to 21.41% of the loan portfolio in 2020; an overall increase of 39.47%. Cash covered loans continued to experience a downward trajectory all year round, ending year 2020 at 13.07% of the loan portfolio when compared to 14.65% the previous year.



## PORTFOLIO MIX- 2020

At the end of December 2020, the loan portfolio stood at approximately \$6.205 billion in comparison to \$5.59 billion December 2019; an overall portfolio growth of 11.01% during the year. Loan loss provision of approximately \$125 million has to be accounted for.



**CREDIT RISK MANAGEMENT**

The Credit Union's overall risk management programme seeks to minimize potential adverse effects on the Credit Union's financial performance. Gateway takes on exposure to credit risk, which is the risk that a counterparty will cause due to a financial loss resulting in our members inability to pay amounts in full when due. At Gateway, strategic decisions relating to lending are primarily made by the Board of Directors, with some delegation of credit approval authority to The External Credit Committee, The Internal Credit Committee or authorized members of staff as per Board of Directors approved Authorities Schedule.

The Credit Union's Credit Risk Management Policy forms the basis for all its lending operations. The policy aims at maintaining a diversified and high quality loan portfolio, as well as enhancing the Credit Union's mission and strategy. The policy sets the basic criteria for acceptable risk and identifies risk areas that require special attention. The Credit Union has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and loan repayment obligations. The assessment process seeks to ascertain the probability of default of individual borrowers using internal ratings. The Credit Union assesses each borrower on five critical factors. These factors are the member's credit history; ability to repay linked to the policy benchmarked debt service ratio of 60%; character profile; the member's economic stability based on employment and place of abode and the quality of collateral being offered.

Management continued to exercise authority and sweeteners and other concessionary privileges were granted to members as deemed necessary in line with our internal procedures.

The Credit Committee continues to exercise oversight responsibility for all approved loans and as such randomly selected and reviewed loan accounts, inclusive of Members of Staff and Members.

**DELINQUENCY/LOSS CONTROL**

Delinquency management took on a new meaning throughout the year, as oftentimes the team had to provide financial counselling and support where required, in order to assist our members in navigating through these turbulent times. Despite the economic challenges and other factors that affected our members throughout the year, Gateway managed to maintain a <4% delinquency rate; ending the year at 3.19% of the loan portfolio. The Global Loan Repayment Holiday strategy employed by the Credit Union assisted in this regard, coupled with Gateway's vigilance and experience in delinquency management. Full or partial payments on loan facilities were encouraged in order to ensure the continued existence and viability of the Credit Union.

It is noticeable achievements like these that assisted Gateway in keeping its promise to our Members, in congruence with one of our core values- namely, "being committed to our Members social and economic development." These developments reinforce the confidence that our Members have in the long-term viability of Gateway and the onus is on us to ensure that we do not betray that trust.

**ATTENDANCE**

A possible eighteen (18) bi-weekly meetings, comprising of 12 face-to-face and 6 virtually convened meetings were held by the Credit Committee alternating between the Church Street and Lucea location. The Credit Committee will continue to operate in a virtual environment where necessary with the support of technological tools and software, in order to preserve the safety and well-being of all. Generally, the meetings were well attended with the occasional absences as a result of extenuating circumstances. A record is shown hereunder:

<b>Members</b>	<b>Possible</b>	<b>Actual</b>	<b>Absent</b>
<b>Peter Reid</b>	18	17	1
<b>Vivienne Frankson</b>	18	18	0
<b>Errol Chattoo</b>	18	15	3
<b>Earl Green</b>	18	18	0
<b>Andreene Williams</b>	18	18	0

**CREDIT COMMITTEES  
REPORT****REFLECTION & FORWARD THINKING**

We worked assiduously to review, discuss and approve loans as well as randomly select and review loan accounts from the total portfolio to ratify loans that did not require our review before disbursement. We were constantly appalled by the increased request by our members especially in the areas of mortgage and business enhancement loan applications. We are excited that to not only provide excellent home solutions for our members but are happy that our members have been pursuing entrepreneurial endeavours which will only result in a much better economy. There was no review of the Credit Policy in 2018. However, we will be making significant changes in 2019 in response to the changing needs of you our valued members. Our goal, as our tagline boasts is, 'opening the way to your financial success'. The Credit Committee, in keeping with that goal, will continue to search for improvements and ways to provide innovative and attractive loan products, primarily through low interest rates and low-cost financing, to meet the changing and diverse needs of our Members.

**ACKNOWLEDGEMENT**

We wish to place on record our sincere gratitude to the hardworking Management, Members of Staff and Volunteers of Gateway Co-operative Credit Union (2017) Limited; their resilience, passion and dedication to service continued to display the true meaning of our Credit Union's Mantra 'People helping people". All departments played their part by demonstrating extraordinary efforts in the execution of their duties and responsibilities. Of equal or higher import, our valued Members, who demonstrated their commitment to the realization of Gateway goals; indeed, our success would be farfetched if our Members did not believe in us. Thank you and we look forward to serving you in 2021 and beyond, as we continue to open the way to your financial success!

Peter Reid  
Chairman

# SUPERVISORY COMMITTEE'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020



From left to right (seated): Charlene Soares (Chairman); Autherine Archer (Secretary); Ann Morie Moseley;  
Standing: Lorraine Scringer; Danovan Goodley; Angella Morris

## CHAIRMAN'S REMARKS

My fellow Co-operators, we have come to the end of a very challenging but, nonetheless, rewarding year. The advent and the continuance of the COVID-19 pandemic posed new challenges, challenges which we have managed to navigate successfully. However, despite these challenges, we, as a committee, have achieved our mandate of audit and supervision.

The credit union, as well, has managed to successfully overcome the challenges in the financial sector as we have managed to expand our facilities with the opening of our new branch in Fairview, St. James. This is a testament to the ability and resilience of our board, committees and staff members.

The primary role of the Supervisory Committee is to provide support to the Board of Directors and management staff by ensuring that internal operating controls and policies are in place to ensure the efficient and effective operation of our credit union. This includes ensuring systems are in place to detect and prevent fraud, to safeguard our resources and to have full compliance with all laws and regulations. As our credit union grows, so do the responsibilities of the Supervisory Committee.

We also faced the challenge of new ways of operating in the virtual space as "social distancing" had now become the norm and so we were limited in "face to face" interaction. This impacted our ability to conduct our audits but nonetheless we persevered.

## THE CONSTITUTION

In keeping with the Co-operative Societies Regulations 1950, and the rules, regulations and protocol of our beloved Gateway Co-operative, the following persons were elected to serve on the Supervisory Committee at our last Annual General Meeting.

Charlene Soares	Chairperson
Donavan Goodley	Vice Chair
Autherine Dehaney-Archer	Secretary
Ann Moseley	Asst. Secretary
Angella Morris	Member
Lorraine Scringer	Member
Sharon Nicholson	Member

In an effort to serve you better, our number was increased from five to seven. Unfortunately, as a committee, we were not spared our fair share of challenges as one of our members was unable to continue to serve and so relinquished the post early in the day. We wish our member a full recovery.

SUPERVISORY  
COMMITTEE'S  
REPORT



### SCOPE OF REVIEW

The Supervisory committee utilized a risk based audit plan to provide management with objective and independent methods to improve the operations of the organization. The Committee along with the Internal Auditor was very dedicated and relentless in ensuring that management was compliant with the various Board approved policies and procedures.

### AREAS REVIEWED

Bank Reconciliation Audit  
Mortgage Audit  
Leave Entitlement Audit  
Board Minutes Review  
Motor Vehicle Loan Audit  
Staff Loan Audit  
Statutory Reports & Statutory Deductions Review  
Loan Direct Commission Audit

### HIGHLIGHTS OF OUR TENURE

Mortgage Audit

Purpose

Verify the existence of the required documentation for each loan including collateral, where necessary for each loan as per the policy of the organization.

### SCOPE

A sample of mortgage loans written for the period January – July 2020

The review was generally positive.

Bank Reconciliation Audit

Purpose

To establish whether the Bank Reconciliation is a true and accurate representation of the company bank accounts and cash book balances.

Scope

The matching of transactions on the bank statement versus the Credit Union's general ledger.

The review found some deficiencies which were promptly addressed by Management.

### ATTENDANCE FOR MEMBERS BEFORE NOVEMBER 25, 2020 AGM

Supervisory Committee Members	Number of Meetings	Actual Attendance	Absent with Excuse
Keita Mendes	21	20	1
Charlene Soares	21	20	1
Autherine Dehaney-Archer	21	19	2
Angella Morris	21	20	1
Loraine Springer	21	21	-

### ATTENDANCE FOR MEMBERS AFTER NOVEMBER 25, 2020 AGM

Supervisory Committee Members	Number of Meetings	Actual Attendance	Absent with Excuse
Charlene Soares	3	3	-
Donavan Goodley	3	3	-
Autherine Dehaney-Archer	3	3	-
Ann Moseley	3	3	-
Angella Morris	3	3	-
Loraine Springer	3	3	-
Sharon Nicholson	3	1	2

### CONCLUSION

As fellow members of the Credit Union, we wish to thank you for the confidence you have reposed in us.

We take our new mantra, "Members Serving Members", quite seriously and hope that we have lived this mantra and have served you well.

SUPERVISORY  
COMMITTEE'S  
REPORT

On behalf of my fellow Supervisory Committee members, I must extend commendations to our Board of Directors, our Credit Committee, our Management team and all members of staff for working assiduously to ensure that the standards were maintained, thereby ensuring our institution remained safe, stable, sound and a place of choice.

We must acknowledge and give special thanks to our most able Internal Auditor for her diligence, commitment and the sterling support provided. Without her, we could not have accomplished our goals.

Special thanks to our auditors at the Centralized Strategic Services Limited for their continued support, guidance and training, especially in audit techniques, a core function of our committee. Special thanks to Mr. Owen Lawrence who has been a tower of strength.

To my indomitable "team", the Supervisory Committee, I am unable to fully express my extreme gratitude to you for the unwavering support given throughout the year. I am most touched by your expression of dedication, devotion and sense of duty to "our" Gateway.

Charlene Soares  
Chair, Supervisory Committee.

# NOMINATING COMMITTEE'S REPORT



**Bryce Grant- Chairman**



**TO: MR. CLEVELAND PARKER– SECRETARY OF THE BOARD OF DIRECTORS**  
**FROM: NOMINATING COMMITTEE**  
**RE: REPORT OF THE NOMINATING COMMITTEE**  
**DATE: WEDNESDAY, MAY 12, 2021**

The Nominating Committee, as appointed by the Board of Directors of Gateway Co-operative Credit Union (2017) Limited comprised of:

- Mr. Bryce Grant - Chairman
- Mrs. Lorna Rampasard - Secretary
- Miss. Novia Parkinson- Member Representative
- Mrs. Jacqueline Taylor- Administrative Assistant.

The Committee 's responsibility is to nominate to fill the vacancies of volunteers whose tenure have ended. The committee had several meetings to discuss, peruse and nominate from the petitions received to fill three (3) vacant positions on the Board of Directors, two (2) from the Credit Committee and all seven (7) from Supervisory Committee.

The Nominating Committee received Fifteen (15) petitions to fill the vacancies; five (5) for the Board of Directors, eight (8) for the Supervisory Committee and two (2) for the Credit Committee who also indicated a willingness to serve on other committee. The Terms of Reference for Nominating Committee, and the Rules of the Gateway Co-operative Credit Union (2017) Limited were used to guide the nominating process.

After processing the nominating documents, the following members were nominated to serve under the Governance Structure of the Gateway Co-operative Credit Union (2017) Limited and the members of the various committees that were retiring. Ten (10) of the applicants were interviewed and the selection was based on: skills set, educational background, experience, service and performance at the Cooperative level, time management and other civic or community involvement. The members selected to serve on for the different committees are listed below:

## **BOARD OF DIRECTORS**

Rodcliffe Robertson  
Cleveland Parker  
Tova-Malka Trench- Anderson

## **SUPERVISORY COMMITTEE**

Charlene	Soares
Angella	Morris
Donovan	Goodley
Autherine	Duhaney- Archer
Ann Morie	Moseley
Ronald	Vernon
Shamar	Campbell

## **CREDIT COMMITTEE**

Errol Chattoo  
Andreene Williams



**Board of Directors**

<i>Names</i>		<i>Recommended Terms (Years)</i>
<i>Rodcliffe</i>	<i>Robertson</i>	3
<i>Cleveland</i>	<i>Parker</i>	3
<i>Tova- Malka</i>	<i>Trench- Anderson</i>	3

**Supervisory Committee**

<i>Names</i>		<i>Recommended Terms (Year)</i>
<i>Charlene</i>	<i>Soares</i>	1
<i>Angella</i>	<i>Morris</i>	1
<i>Autherine</i>	<i>Dehaney-Archer</i>	1
<i>Donavan</i>	<i>Goodley</i>	1
<i>Ronald</i>	<i>Vernon</i>	1
<i>Ann Morie</i>	<i>Mosely</i>	1
<i>Shamar</i>	<i>Campbell</i>	1

**Credit Committee**

<i>Names</i>	<i>Recommended Terms (Years)</i>
<i>Errol Chattoo</i>	2
<i>Andreene Williams</i>	2

Mr. Bryce Grant  
Chairman

Mrs. Lorna Rampasard  
Secretary

Ms. Nova Parkinson  
Member Representative

Mrs. Jaqueline Taylor  
Administrative Assistant

**TOVA-MALKA TRENCH-ANDERSON**

Mrs. Trench-Anderson is the Hanover Parish Manager of the Social Development Commission with a wealth of knowledge and experience in social and marketing research. She is a Professional trainer and community development practitioner.

She possesses excellent interpersonal, management and supervisory skills and has a proven and successful record of developing effective marketing and business plans.

Mrs. Trench-Anderson holds a Master's Degree of Business Administration, Marketing Concentration with Distinction, from the Mono School of Business and Management and is the recipient of many awards.



**SHAMAR CAMPBELL**

Ms. Campbell is employed to the St. James Municipal Corporation Montego Bay for the past seven years where she serves in the capacity of Internal Auditor.

She is currently pursuing a Masters of Science (MSc) Degree in Accounting at the University of the West Indies, Western Campus. She has a wealth of knowledge in the field of Accounting and Auditing



**RONALD VERNON**

Mr. Vernon is the Managing Director of Island Accounting & Management Ltd, Montego Bay and a Justice of the Peace. He is a Certified General Accountant by profession. He studied at the Seneca College in Toronto, Canada. He has a wealth of knowledge and experience locally and internationally.

He was formerly a serving member of the Supervisory Committee under Montego Co-operative Credit Union Limited. He possesses excellent interpersonal management and supervisory skills. He developed the "One Write", payroll system in Jamaica.

Additionally, Mr. Vernon was very instrumental in the development of a device for the hearing impaired to alert them of telephone calls at The Canadian hearing Society in Toronto, Canada.



# RESOLUTIONS

## **SPECIAL RESOLUTION**

### **PROPOSED AMENDMENT TO THE RULES OF THE GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**

**NOTICE IS HEREBY GIVEN** that the **Fourth (4th) Annual General Meeting of the Gateway Co-operative Credit Union (2017) Limited** will be held at the **Hollis Peter Lynch Multi-Purpose Building, Holy Trinity Anglican Church, Miriam Way, Montego Bay on Wednesday, July 14, 2021 at 5:00pm** for members to consider and if thought fit to pass the following **Special Resolutions**:

**WHEREAS** Section 11 and Regulation 41 of The Co-operative Societies Act and The Co-operative Societies Regulations, 1950 respectively provide for the amendment of the Rules of a registered society;

**AND WHEREAS** Article XXII, Rule 78 provides for amendments to the Rules of the Gateway Co-operative Credit Union (2017) Limited;

**AND WHEREAS** Article XI, Rule 52 is being proposed for amendment in the Rules of the Gateway Co-operative Credit Union (2017) Limited;

**AND WHEREAS** it is being proposed that meetings of members may be conducted by attendance (in-person) at a physical location, or by virtual-only or by hybrid-meeting;

**AND WHEREAS** attendance of members at meetings by way of an electronic communication system shall be construed as if the members attended in-person at the physical location where the meeting is being convened;

**AND WHEREAS** members attending meetings through an electronic communication system shall constitute the quorum for a legally convened meeting of members of the registered society;

**AND WHEREAS** The Co-operative Societies (Amendment) Regulations, 2021 which provides for, inter alia, the holding of virtual-only and hybrid meetings by registered societies was promulgated on the 15th day of January 2021;

**AND WHEREAS** this Credit Union has agreed to adopt and accept all the interpretations so ascribed under the said Regulations.

**BE IT RESOLVED** that Article XI, Rule 52 which reads:

The supreme authority in the Credit Union is vested in the General Meeting of members at which every member has a right to attend and vote on all resolutions.

The first general meeting of members after registration of the Credit Union shall be called the first Annual General Meeting.

**BE AMENDED** by numbering the above-mentioned paragraphs as (i) and (ii) respectively and inserting after paragraph (ii), the following sentences which shall be numbered (iii) to (xii) respectively:

(iii) References to a "meeting" shall mean a meeting convened and held:

a) in-person, where members are physically present in one location, participating in the business of the meeting and interacting with each other face to face; or

## RESOLUTIONS

a) virtual-only, where members participate, by way of an electronic communication system, from different physical locations, whether in Jamaica or in any other country; or

b) **in a hybrid manner**, that is, a meeting held simultaneously as a virtual meeting as well as at a physical venue, where members, whether virtually or in-person, simultaneously attend and participate in the proceedings of the meeting, in real time.

Where members attend and participate, in a virtual-only or hybrid meeting, by an electronic communication system, such members shall be deemed to be present at that meeting for all purposes of the Rules of the Gateway Co-operative Credit Union (2017) Limited, applicable laws and the Co-operative Societies (Amendment) Regulations, 2021 and said attendance shall be construed to allow the member present in any one of these for a to attend and fully participate in any such meetings.

(iv) A member's participation in the business of a general meeting shall include without limitation the right to communicate, to vote, and to have access, in hard copy or electronic form, to all documents which are required to participate in the business of a general meeting and participation in such a meeting shall constitute presence in-person at such meeting and shall count towards the quorum and for all other voting processes.

(v) The failure or inability of a member to attend or remain in an Annual or Special General Meeting held in a hybrid or virtual-only meeting, as a result of a mistake or events beyond the control of Gateway Co-operative Credit Union (2017) Limited shall not constitute a defect in the calling of the Annual or Special General Meeting and shall not invalidate any resolutions passed or proceedings taken at that Annual or Special General Meeting.

(vi) References to "electronic communication system" shall include, without limitation, webcast, video or any form of conference call systems (telephone, video, web or otherwise) and other communication of any sound, document and or other data.

(vii) If a separate meeting place is linked to the main physical location of a general meeting by an electronic communication system, such members present at the separate meeting place shall be taken to be present at the general meeting and entitled to exercise all rights as if the members were present at the main physical location.

(viii) All general meetings (including a Special or Annual General Meeting, any adjourned meeting or postponed meeting) may be held as an in-person, virtual-only or hybrid-meeting.

(ix) A virtual-only or hybrid-meeting may be held in Jamaica and any other country and at one or more locations as may be determined by the Board of Directors in its absolute discretion; however, the principal place and time of such meeting shall be construed to be held in the jurisdiction of Jamaica.

(x) Votes (whether by a show of hands or ballot or by way of a poll) may be cast through or by electronic means or otherwise, in keeping with The Co-operative Societies (Amendment) Regulations, 2021.

(xi) If voting is to take place at the meeting, there must be reasonable measures in place to verify that every member voting at the meeting by means of electronic communication system is sufficiently identified and the Secretary shall keep a record of any vote or action taken.

(xii) The provision of these Rules shall apply, with any necessary modification, to hybrid-meetings and virtual-only meetings.

## RESOLUTIONS

**BE IT RESOLVED THAT Article XI, Rule 57 which reads:**

At least seven (7) days before the date of any Annual or Special General Meeting, the Secretary shall post a notice of the Meeting in a conspicuous place in the Head Office and at each branch of the Credit Union and shall cause written notice to be placed in the national print, electronic media, in person or mailed to each member at his address or e-mail address that appears in the records of the Credit Union.

a. A quorum at Annual or Special General Meetings shall be 100 members when the Credit Union consists of more than one thousand (1000) members.

i. If at the expiration of a reasonable period after the date fixed for any Annual or Special General meeting, the members present are not sufficient to form a quorum, such Meeting shall be considered as dissolved if convened on the demand of members; in all other cases an adjournment may be taken to a date not fewer than fourteen (14) days thereafter. The same notice shall be given for the Adjourned Meeting as is prescribed in Rule 60 of these Rules for the Original Meeting.

**BE AMENDED TO READ:**

At least seven (7) days before the date of any Annual or Special General Meeting, the Secretary shall post a notice of the Meeting in a conspicuous place in the Head Office and at each branch of the Credit Union and shall cause written notice of the meeting to be delivered by electronic means, inclusive of emails, sent to the address provided by members and placed in the print media.

Where an Annual or Special General Meeting is either virtual-only or hybrid-meeting, the Secretary shall cause the notice of the meeting to provide instructions for attendance and participation, including voting by members electronically and an electronic link for members.

a. A quorum at Annual or Special General Meetings shall be 100 members when the Credit Union consists of more than one thousand (1000) members.

i. If at the expiration of a reasonable period after the date fixed for any Annual or Special General meeting, the members present are not sufficient to form a quorum, such Meeting shall be considered as dissolved if convened on the demand of members; in all other cases an adjournment may be taken to a date not fewer than fourteen (14) days thereafter. The same notice shall be given for the Adjourned Meeting as is prescribed in Rule 57 of these Rules for the Original Meeting.

**INSERT at Rule 57 the following as Sub-Rule ii:**

ii. Where the meeting is held as a hybrid-meeting or virtual-only meeting and during the meeting a number of members participating virtually, cease to be able to participate in the meeting, at any time and for any period during the meeting, in such numbers that the quorum requirement for that meeting is not met, all business transacted at that meeting, including matters put to the vote and any resolution passed, shall be void.

**BE IT RESOLVED THAT ARTICLE XXII, RULE 78 (AMENDMENTS OF THESE RULES) WHICH READS:**

These Rules may be amended by a resolution of the members at any Annual General Meeting or Special General Meeting called for the purpose by three-fourth vote of those present and entitled to vote; provided a copy of the proposed amendment together with a written notice of the meeting shall have been sent to each member or handed to him in person at least seven (7) days before the said meeting. No amendment shall become operative until it has been approved by the Registrar in accordance with the Act.

# RESOLUTIONS

**BE AMENDED TO READ:**

These Rules may be amended by a resolution of the members at any Annual General Meeting or Special General Meeting called in accordance with Article XI, Rule 52 for the purpose, by at least three-fourths vote of those present either in-person, virtual-only or at a hybrid-meeting and entitled to vote, provided that a copy of the proposed amendments together with a written notice of the meeting shall have been posted in a conspicuous place in the Head Office and at each branch of the Credit Union and delivered by electronic means, inclusive of emails sent to the address provided by the member and in the print media, at least seven (7) days before the said meeting. No amendment shall become operative until it has been approved by the Registrar in accordance with the applicable law.

All amendments are to be operational immediately and binding upon members consequent upon approval at this general meeting of members and subject to certification by the Registrar of Co-operative Societies.

Moved by :

Seconded by :

Date :

There were ..... persons present at the time of voting

Voted for : (In-person votes) \_\_\_\_\_ (Virtual votes) \_\_\_\_\_

Against : (In-person votes) \_\_\_\_\_ (Virtual votes) \_\_\_\_\_

Abstained : (In-person votes) \_\_\_\_\_ (Virtual votes) \_\_\_\_\_

Signed

PRESIDENT

SECRETARY

SEAL OF THE CREDIT UNION



**GATEWAY CO-OPERATIVE  
CREDIT UNION (2017) LTD.**  
*"Opening the way to your financial success"*

# WHAT WE OFFER

## **Savings:**

**Shares  
Deposits  
Fixed Deposits  
Solid Saver  
Golden Harvest  
Partner Plans  
Treasure Chests Youth Savers**



## **Insurance:**

**Family Indemnity Plan (F.I.P)  
Family Critical Illness Plans  
Critical Illness Rider  
JCIA Insurance  
Caribbean Assurance Health Plans**

## **Loans:**

**Motor vehicle (Private, commercial and trucks)  
Mortgage (Residential & Commercial)  
Home Equity  
Unsecured  
Line of Credit  
Cash Secured  
Investsecured**



**FAIRVIEW BRANCH OPENING**





**CLIPS FROM OUR ENID GONSALVES P.E.P SCHOLARSHIP AWARDS**



**GATEWAY TABLET DRIVE**

**CLIPS FROM OUR  
HERMAN JOHNSON &  
BAYLEY-HAYE  
UNIVERSITY  
SCHOLARSHIPS AWARD**



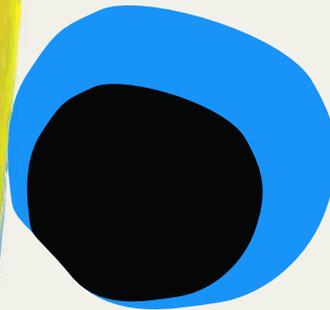
# CHRISTMAS TREAT



**READY...SET...GROW  
SEEDLING PROJECT 2.0**



**DONALDSON & SPENCE BARBER SHOP OPENING**





**MEET THE MARVELOUS GATEWAY FAMILY**



**WE WORK  
HARD;  
WE PLAY  
HARDER.**





**MEET THE MARVELOUS GATEWAY FAMILY**





**MEET THE MARVELOUS GATEWAY FAMILY**





## ANNUAL GENERAL MEETING 2020

# OBITUARIES



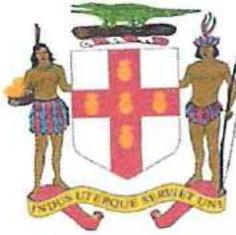
ADAMS EZROY	FENTON VERONICA	JARRETT CHISLON
ALLEN ANDREA	FORBES ENID	JOHNSON DELBERT
ALLEN-LINTON	FUNK JOYCELYN	KELSON DAISY
SANDRA	GIBSON RENFORD	KERR MIRIAM
ARTWELL FREDERICK	GINNARD DAVID	KIRLEW ELITA
ATKINSON PAMELIA	GLEN ELEZ	KNIBBS FLORINE
BARR GERALD ●	GORDON MAISIE	● LAWRENCE GLORIA
BLAIR JOAN ●	GORDON EVELYN	● MAY
BLAKE DENHAM ●	GORDON VIRIS	● LAWRENCE-SAMUELS
BOWEN NORMA ●	GRAHAM ROSE	● IMOGENE
BRISSETT WESTINE ●	GRANT ENOCH	● LEE CYNTHIA
BRISSETT ASHTON ●	GRANT-NEMBARD CYNTHIA ●	● LESLIE JEAN
BROWN JAMES ●	GRAPINE JEAN GRAPINE ●	● LINDO CLEVELAND
BROWN EUGENIE ●	GREEN BERESFORD	● LINTON VALERIE HALL
BROWN SHANNON ●	GREEN PATRICK	● MAINE MELVIN
CHAMBERS IONIE ●	GRIFFITHS O'DANE	● MALCOLM ENNIS
CHRISTIE MICHELLE ●	HAMILTON CASWELL	● MALCOLM JOSEPH
CLARKE ERROL ●	HARTY ANN MARIE	● MARTIN HECTOR
CLARKE MARJORIE ●	HARTY DAVIN	● MAYE-STEPHENS
COX-FOSTER VIVIANA ●	HARVEY VINTON	● ALDITH
CUNNINGHAM LEON ●	HAUGHTON SANDRA	● MCDONALD
DAVIDSON LOWRY ●	HAUGHTON PAMELA IDA ●	● BERESFORD
DAVIS NATALIE ●	HAUGHTON LEWIN	● MCDONALD GARNETT
DAVIS KEVIN ●	HAUGHTON-ALLEN	● MCDONALD WARREN
DAWES ALLAN	ROSEMARIE	MCINTOSH DEBBIE
DAWES ROWAN	HEAVEN HYACINTH	MCKENZIE PERCIVAL
DIXON HAYDEN	HEMMINGS PHILADENE	MILLER NEVA
DRUMMOND ZEATAS	HILL ORVILLE	MITCHELL MARJORIE
ENGLISH MICHAEL	HOGG ELIZABETH	MONCRIEFFE RALPH
ENGLISH KATHLEEN	HUNTER CARLENE	MOODIE CAROL
	JACKSON MARGARET	MOODIE STACEY-ANN
	JAMES ROBERT	MOORE-CLARKE IDA

# OBITUARIES

MORRISON GLADSTON  
NEMBARD STACEY ANN  
NOBLE- KERR YVONNE  
OTTEY LORNA  
PALMER ESTHER  
PALMER ALLISON  
PALTIE ASHANTAE  
PARKES KEVIN  
PATTERSON ICELYN  
PEARSON VALENTINE  
PEARSON VALENTINE  
PERRY IVAN  
PHILLIPS NICOLE LAWSON  
PLUMMER ROY  
POWELL-GRANT WINSOME  
ROBERTS TELECIA  
ROBERTS RANDY  
SHAW KEITH  
SMITH WILBERT  
SMITH WILBERT  
SMITH CURTIS  
STAINROD GEORGE  
STERLING DENNIS  
STEWART IONE  
STOKES DUDLEY  
THOMAS VERNAL  
THOMPSON JAMES  
TODD GARY  
WAITE-BLACK LEONIE  
WALCOTT SONIA  
WELLINGTON NENA  
WHITE DOREEN

WHITMORE VELDA  
WHITTINGHAM JANET  
WILKINS WYARTH  
WILLIAMS RUBY  
WILLIAMS LEONE  
WILLIAMS KEITH  
WOOLERRY LEBERT  
WRIGHT JACQUELINE  
WRIGHT YVONNE





DEPARTMENT OF CO-OPERATIVES & FRIENDLY SOCIETIES  
CHARITIES AUTHORITY, JAMAICA  
Ministry of Industry, Investment, and Commerce  
2 Musgrave Avenue, Kingston 10  
Jamaica, W.I.  
Tel: (876) 927-4912 | 927-6572 | 978-1946  
E-mail: [dcfs@cwjamaica.com](mailto:dcfs@cwjamaica.com) Website: [www.dcfs.gov.jm](http://www.dcfs.gov.jm)

ANY REPLY OR SUBSEQUENT REFERENCE TO THIS COMMUNICATION SHOULD BE ADDRESSED TO THE REGISTRAR AND THE FOLLOWING REFERENCE QUOTED:

S1  
R608/553/05/21

May 20, 2021

The Secretary  
Gateway Co-operative Credit Union Limited  
6 Sam Sharpe Square  
P.O. Box 885  
Montego Bay  
St. James

Dear Sir/Madam,

I forward herewith the Financial Statements of your Society for the financial year ended December 31, 2020.

The Annual General Meeting (AGM) must be convened under **Regulation 19, 21 and 25 a-f** of the Co-operative Societies (Amendment) Regulations, 2021. At least seven (7) days' notice shall be given before the meeting is held.

A copy of your report, which you intend to present to the Annual General Meeting on the year's working of the Society as set forth in **Regulation 35 (b)** of the Co-operative Societies Regulations should be forwarded to this office.

An AGM Protocol Documents developed by the Department should be used as a guide in preparing for the Meeting, along with the **Exceptions to Prohibition on Public Gathering Exceeding Specified Number of Persons** available to Societies under the Disaster Risk Management (Enforcement Measures) Order, 2021.

Kindly advise the Department of the date of the Annual General Meeting, so that arrangements can be made for representation.

Yours truly,

Lavern Gibson-Eccleston (Mrs.)  
(For) REGISTRAR OF CO-OPERATIVE SOCIETIES  
AND FRIENDLY SOCIETIES

HOPE GARDENS  
Hope Gardens, Kingston 6  
(876) 977-2277 / 927-1948  
Fax (876) 977-2698

MANDEVILLE, MANCHESTER  
23 Caledonia Road  
(RADA Bldg.)  
(876) 615-9083

MONTEGO BAY, ST. JAMES  
10 Delisser Drive  
(The Office of the Prime Minister)  
(876) 952-7913



*Smart decisions.  
Lasting value.*

**Gateway Co-operative  
Credit Union (2017) Limited  
Financial Statements  
For Year Ended  
31<sup>st</sup> December 2020**

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 2020**

(Expressed in Jamaican Dollars unless otherwise stated)

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**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

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**REPORT OF THE INDEPENDENT AUDITORS**  
**TO THE REGISTRAR OF CO-OPERATIVES AND FRIENDLY SOCIETIES**  
**RE: GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**(A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)**

**Opinion**

We have audited the financial statements of Gateway Co-operative Credit Union (2017) Limited ("the Credit Union") which comprise the statement of financial position as at 31<sup>st</sup> December 2020, the statement of comprehensive income, statements of changes in equity, cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Credit Union as at 31<sup>st</sup> December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Co-operative Societies Act.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union, 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.

Key Audit Matter	How the matter was addressed during the audit
<p><b>Expected Credit Loss ('ECL') on Financial Assets</b></p>	<p><b>Our procedures in this area includes the following:</b></p>
<p>IFRS 9 was implemented by the Credit Union on January 1, 2018. The adopted standard is new and complex and requires the Credit Union to recognize expected credit losses ('ECL') on financial assets, the determination of which is highly subjective and requires management to make significant judgment and estimates.</p> <p>The key areas requiring greater management judgment include the identification of significant increase in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposure at default and the implication of forward-looking information.</p>	<ul style="list-style-type: none"> <li>▪ Obtaining an understanding of the models used by the Credit Union for the calculation of expected credit losses including governance over the determination of key judgments.</li> <li>▪ Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key data inputs into IFRS 9 impairment models for investments.</li> <li>▪ Testing the completeness and accuracy of the data used in the models of the underlying accounting records based on a sample basis.</li> </ul>

**REPORT OF THE INDEPENDENT AUDITORS**  
**TO THE REGISTRAR OF CO-OPERATIVES AND FRIENDLY SOCIETIES**  
**RE: GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**(A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)**

Key Audit Matter	How the matter was addressed during the audit
<b>Expected Credit Loss ('ECL') on Financial Assets</b>	<b>Our procedures in this area includes the following:</b>
<p>Significant management judgement is used in determining the appropriate variables and assumptions used in the ECL computations, which increase the risk of material misstatement.</p> <p>We therefore determined that impairment on loans receivable and investment securities has a high degree of estimated uncertainty.</p> <p>In addition, disclosure regarding the Credit Union's application of IFRS 9 are key to understanding the change from IAS 39 as well as explaining the key judgments and material inputs to the IFRS 9 ECL results.</p>	<ul style="list-style-type: none"> <li>▪ Evaluation of the appropriateness of the Credit Union's impairment methodology including (SICR) criteria presented.</li> <li>▪ Assessment of the assumptions for probability of default, loss given default and exposure at default.</li> <li>▪ Assessment of the adequacy of the disclosure of the key assumption and judgments as well as the details of transition adjustment for compliance with IFRS 9.</li> </ul>

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that matter to those charged with governance.

**REPORT OF THE INDEPENDENT AUDITORS**  
**TO THE REGISTRAR OF CO-OPERATIVES AND FRIENDLY SOCIETIES**  
**RE: GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**(A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)**

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

Management is responsible for maintenance of adequate accounting records in accordance with International Financial Reporting Standards (IFRS) and the Co-operative Societies Act, and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional 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, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.

**REPORT OF THE INDEPENDENT AUDITORS**  
**TO THE REGISTRAR OF CO-OPERATIVES AND FRIENDLY SOCIETIES**  
**RE: GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**(A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)**

**Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Credit Union to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit of the financial statements of the Credit Union of which we are the independent auditors.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**REPORT OF THE INDEPENDENT AUDITORS**  
**TO THE REGISTRAR OF CO-OPERATIVES AND FRIENDLY SOCIETIES**  
**RE: GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**(A SOCIETY REGISTERED UNDER THE CO-OPERATIVE SOCIETIES ACT)**

**Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)**

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Additional Matters as Required by the Co-operative Societies Act**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, given the information required by the Co-operatives Societies Act, in the manner required.



---

**Crowe Horwath Jamaica**

47-49 Trinidad Terrace  
Kingston 5  
Jamaica

May 19, 2021

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER 2020**

(Expressed in Jamaican Dollars unless otherwise stated)

	<u>Notes</u>	<b>2020</b> \$	<b>2019</b> \$
<b><u>ASSETS:</u></b>			
<b>EARNING ASSETS:</b>			
Liquid Assets	5	1,059,962,208	1,376,197,715
Loans to Members after Provision for Impairment	6	6,188,187,737	5,535,525,423
Financial Investments	8	<u>1,034,027,507</u>	<u>699,652,665</u>
<b>Total Earning Assets</b>		<u>8,282,177,452</u>	<u>7,611,375,803</u>
<b>NON-EARNING ASSETS:</b>			
Cash and Cash Equivalents	9	115,951,096	95,214,215
Inventories		3,424,506	5,568,282
Other Receivables & Prepayments	10	64,686,758	54,069,367
Intangible Assets	11	54,673,379	6,818,827
Right-of-Use-Assets	12	9,988,590	-
Property, Plant and Equipment	13	407,636,013	552,338,919
Retirement Benefit Asset	14	<u>63,447,000</u>	<u>58,708,000</u>
<b>Total Non-Earning Assets</b>		<u>719,807,342</u>	<u>772,717,610</u>
<b>TOTAL ASSETS</b>		<u>9,001,984,794</u>	<u>8,384,093,413</u>

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**

**AS AT 31ST DECEMBER 2020**

(Expressed in Jamaican Dollars unless otherwise stated)

	<u>Notes</u>	2020 \$	2019 \$
<b><u>LIABILITIES :</u></b>			
<b>INTEREST BEARING LIABILITIES:</b>			
Members' Voluntary Shares	15	3,487,474,304	3,250,283,141
Members' Saving Deposits	16	4,016,465,419	3,769,724,003
Lease Liabilities	17	10,368,902	-
<b>Total Interest Bearing Liabilities</b>		<u>7,514,308,625</u>	<u>7,020,007,144</u>
<b>NON-INTEREST BEARING LIABILITIES:</b>			
Accounts & Other payables & Accruals	18	168,795,990	102,319,112
Accrued Interest on Members' Deposits	16	51,967,130	79,405,851
<b>Total Non Interest Bearing Liabilities</b>		<u>220,763,120</u>	<u>181,724,963</u>
<b>TOTAL LIABILITIES</b>		<u>7,735,071,745</u>	<u>7,201,732,107</u>
<b><u>EQUITY:</u></b>			
Members' Permanent Share Capital	19	138,786,501	134,068,267
Non-Institutional Capital	20	230,620,578	216,596,414
Institutional Capital	21	897,505,970	831,696,625
<b>Total Capital</b>		<u>1,266,913,049</u>	<u>1,182,361,306</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>9,001,984,794</u>	<u>8,384,093,413</u>

The accompanying notes form an integral part of the financial statements.

**APPROVED FOR ISSUE ON BEHALF OF  
THE BOARD OF DIRECTORS ON May 19, 2021**



**MR. LAMBERT JOHNSON**  
**PRESIDENT**

**AND SIGNED ON ITS BEHALF BY:**



**MR. ALFRED GRAHAM**  
**TREASURER**

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**  
(Expressed in Jamaican Dollars unless otherwise stated)

	<u>Notes</u>	<b>2020</b> \$	<b>2019</b> \$
<b>INTEREST INCOME:</b>			
Loans to Members	22	645,765,098	631,963,934
Liquid Assets & Financial Investments		<u>72,847,272</u>	<u>79,643,410</u>
		<u>718,612,370</u>	<u>711,607,344</u>
<b>INTEREST EXPENSE:</b>			
Interest Expense on Members' Voluntary Shares		51,333,333	65,168,168
Savings Deposits		<u>81,068,333</u>	<u>70,262,557</u>
	23	132,401,666	135,430,725
Other Financial Costs	25	<u>3,962,104</u>	<u>3,774,104</u>
		<u>136,363,770</u>	<u>139,204,829</u>
<b>NET INTEREST INCOME</b>		582,248,600	572,402,515
Net Movement in Provision for Loan Impairment		77,183,238	21,000,000
(Decrease)/Increase in Provision for Investment Impairment		<u>(988,301)</u>	<u>499,538</u>
<b>NET INTEREST INCOME AFTER PROVISION</b>		506,053,663	550,902,977
<b>NON - INTEREST INCOME</b>			
Fee & Other Income	26	<u>177,428,382</u>	<u>86,045,523</u>
<b>GROSS INCOME</b>		683,482,045	636,948,500
<b>Less Operating Expenses</b>		<u>580,818,654</u>	<u>584,650,931</u>
<b>NET INCOME</b>		<u>102,663,391</u>	<u>52,297,569</u>
<b><u>OTHER COMPREHENSIVE INCOME</u></b>			
<b>Items that will never be classified to Profit or Loss:</b>			
Unrealised Fair Value Gain -Available for sale investments		(16,885,168)	(9,725,273)
Re-measurement of Defined Benefit Pension Plan		<u>3,920,000</u>	<u>11,049,000</u>
		<u>(12,965,168)</u>	<u>1,323,727</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>89,698,223</u></u>	<u><u>53,621,296</u></u>

The accompanying notes form an integral part of the financial statements.

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY- SUMMARY**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**  
(Expressed in Jamaican Dollars unless otherwise stated)

	<b>Members'</b>	<b>Non-</b>	<b>Institutional</b>	<b>Total</b>
	<b>Permanent Share</b>	<b>Institutional</b>	<b>Capital</b>	
	<b>Capital</b>	<b>Capital</b>	<b>Capital</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 31st December 2018	<b>139,047,323</b>	<b>258,779,402</b>	<b>748,506,561</b>	<b>1,146,333,286</b>
Total Comprehensive Income for the year after Honoraria	-	53,621,296	-	53,621,296
Transactions with owners				
Transfer - 20% of net Income before Honoraria	-	(10,459,514)	10,459,514	-
Amount subscribed-Shares	6,478,000	-	-	6,478,000
Transfers/deduction from Permanent Shares	(11,457,056)	-	-	(11,457,056)
Transfer from Infrastructure Development to Permanent Reserve	-	(21,000,000)	21,000,000	-
Appropriations from 2018 surplus:				
Dividend on members' shares	-	(11,157,043)	-	(11,157,043)
Transfer/Distribution of 2018 Surplus	-	(50,000,000)	50,000,000	-
Transfer for Honoraria payment	-	(3,187,727)	-	(3,187,727)
Entrance Fees	-	-	1,730,550	1,730,550
Total transactions with owners	<u>(4,979,056)</u>	<u>(95,804,284)</u>	<u>83,190,064</u>	<u>(17,593,276)</u>
<b>Balance at 31st December 2019</b>	<b>134,068,267</b>	<b>216,596,414</b>	<b>831,696,625</b>	<b>1,182,361,306</b>
<b>Total Comprehensive Income for the year after Honoraria</b>	<b>-</b>	<b>89,698,223</b>	<b>-</b>	<b>89,698,223</b>
<b>Transactions with owners</b>				
Transfer - 20% of net Income	-	(20,532,678)	20,532,678	-
Amount subscribed-Shares	5,348,000	-	-	5,348,000
Transfers/deduction from Permanent Shares	(629,766)	-	-	(629,766)
Dividend on members' shares	-	(7,809,963)	-	(7,809,963)
Transfer/Distribution of 2019 Surplus	-	(44,000,000)	44,000,000	-
Transfer for Honoraria payment	-	(3,331,418)	-	(3,331,418)
Entrance Fees	-	-	1,276,667	1,276,667
Total transactions with owners	<u>4,718,234</u>	<u>(75,674,059)</u>	<u>65,809,345</u>	<u>(5,146,480)</u>
<b>Balance at 31st December 2020</b>	<b><u>138,786,501</u></b>	<b><u>230,620,578</u></b>	<b><u>897,505,970</u></b>	<b><u>1,266,913,049</u></b>

The accompanying notes form an integral part of the financial statements.

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY -NON-INSTITUTIONAL CAPITAL**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**  
(Expressed in Jamaican Dollars unless otherwise stated)

	Investment		Retirement		Share	Fair		Infrastructure	
	Property	Revaluation	Benefit	General	Transfer	Value	Accumulated	Development	Total
	Reserves	Reserve	Asset Reserve	Reserve	Fund	Reserve	Surplus	Reserve	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 31st December 2018	75,056,663	-	46,258,000	576,428	2,000,000	34,195,145	79,693,166	21,000,000	258,779,402
Net Income after Honoraria	-	-	-	-	-	-	52,297,569	-	52,297,569
Other Comprehensive Income									
Minimum Business Tax	-	-	-	-	-	-	-	-	-
Unrealised fair value gains on available-for-sale financial assets	-	-	-	-	-	(9,725,273)	-	-	(9,725,273)
Re-Measurement of Pension Asset	-	-	-	-	-	-	11,049,000	-	11,049,000
Total comprehensive income for the year	-	-	-	-	-	(9,725,273)	63,346,569	-	53,621,296
Transaction with owners									
Transfer -20% of Net Income for the year 2019 before Honoraria	-	-	-	-	-	-	(10,459,514)	-	(10,459,514)
Appropriations from 2018 surplus:									
Dividend on members' shares	-	-	-	-	-	-	(11,157,043)	-	(11,157,043)
Transfer to Permanent Reserve	-	-	-	-	-	-	(50,000,000)	(21,000,000)	(71,000,000)
Transfer from Retained Earnings	-	-	-	-	-	-	-	-	-
Transfer from Loan Loss Reerve	-	-	-	-	-	-	-	-	-
Transfer for Honoraria payment	-	-	-	-	-	-	(3,187,727)	-	(3,187,727)
Transfer to IFRS 9 Reserve	-	-	-	-	-	-	-	-	-
Honoraria	-	-	-	-	-	-	-	-	-
Transfer from Loan Loss Reserve	-	-	-	-	-	-	-	-	-
Increase in Retirement Benefit Reserve	-	-	12,450,000	-	-	-	(12,450,000)	-	-
Total transactions with owners	-	-	12,450,000	-	-	-	(87,254,284)	(21,000,000)	(95,804,284)
<b>Balance as at 31st December 2019</b>	<b>75,056,663</b>	<b>-</b>	<b>58,708,000</b>	<b>576,428</b>	<b>2,000,000</b>	<b>24,469,872</b>	<b>55,785,451</b>	<b>-</b>	<b>216,596,414</b>

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY -NON-INSTITUTIONAL CAPITAL**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**  
(Expressed in Jamaican Dollars unless otherwise stated)

	Investment Property Reserves	Revaluation Reserve	Retirement Benefit Asset Reserve	General Reserve	Share Transfer Fund	Fair Value Reserve	Accumulated Surplus	Infrastructure Development Reserve	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance as at 31st December 2019</b>	<b>75,056,663</b>	-	<b>58,708,000</b>	<b>576,428</b>	<b>2,000,000</b>	<b>24,469,872</b>	<b>55,785,451</b>	-	<b>216,596,414</b>
Net Income	-	-	-	-	-	-	102,663,391	-	102,663,391
<b><u>Other Comprehensive Income</u></b>									
Unrealised fair value gains on available-for-sale financial assets	-	-	-	-	-	(16,885,168)	-	-	(16,885,168)
Re-Measurement of Pension Asset	-	-	-	-	-	-	3,920,000	-	3,920,000
Total comprehensive income for the year	-	-	-	-	-	<b>(16,885,168)</b>	<b>106,583,391</b>	-	<b>89,698,223</b>
<b><u>Transaction with owners</u></b>									
Transfer -20% of Net Income for the year 2020	-	-	-	-	-	-	(20,532,678)	-	(20,532,678)
Appropriations from 2019 surplus:									
Dividend on members' shares	-	-	-	-	-	-	(7,809,963)	-	(7,809,963)
Transfer to Permanent Reserve	-	-	-	-	-	-	(44,000,000)	-	(44,000,000)
Transfer to Revaluation Reserve	(75,056,663)	75,056,663	-	-	-	-	-	-	-
Transfer for Honoraria payment	-	-	-	-	-	-	(3,331,418)	-	(3,331,418)
Increase in Retirement Benefit Reserve	-	-	4,739,000	-	-	-	(4,739,000)	-	-
Total transactions with owners	<b>(75,056,663)</b>	<b>75,056,663</b>	<b>4,739,000</b>	-	-	-	<b>(80,413,059)</b>	-	<b>(75,674,059)</b>
<b>Balance as at 31st December 2020</b>	<b>-</b>	<b>75,056,663</b>	<b>63,447,000</b>	<b>576,428</b>	<b>2,000,000</b>	<b>7,584,704</b>	<b>81,955,783</b>	-	<b>230,620,578</b>

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY - INSTITUTIONAL CAPITAL**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**

(Expressed in Jamaican Dollars unless otherwise stated)

	<b>Statutory &amp; Legal Reserves \$</b>	<b>Permanent Reserves \$</b>	<b>Business Combination Reserve \$</b>	<b>Total \$</b>
<b>Balance at 31st December 2018</b>	<b>205,112,456</b>	<b>287,573,864</b>	<b>255,820,241</b>	<b>748,506,561</b>
Transfer of 20 % of Net Income for the Year before Honoraria	10,459,514	-	-	10,459,514
Transfer/Distribution from 2018 Surplus	-	50,000,000	-	50,000,000
Transfer from Infrastructure Development		21,000,000		21,000,000
Entrance Fees	<u>1,730,550</u>	<u>-</u>	<u>-</u>	<u>1,730,550</u>
<b>Balance at 31st December 2019</b>	<b>217,302,520</b>	<b>358,573,864</b>	<b>255,820,241</b>	<b>831,696,625</b>
Transfer of 20 % of Net Income for the Year	20,532,678	-	-	20,532,678
Transfer/Distribution from 2019 Surplus	-	44,000,000	-	44,000,000
Entrance Fees	<u>1,276,667</u>	<u>-</u>	<u>-</u>	<u>1,276,667</u>
<b>Balance at 31st December 2020</b>	<b><u>239,111,865</u></b>	<b><u>402,573,864</u></b>	<b><u>255,820,241</u></b>	<b><u>897,505,970</u></b>

The accompanying notes form an integral part of the financial statements.

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**  
(Expressed in Jamaican Dollars unless otherwise stated)

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Cash flows from Operating Activities		
<b>TOTAL COMPREHENSIVE INCOME</b>	89,698,223	53,621,296
Non- cash items included in income		
Depreciation expense	23,398,502	23,956,734
Amortisation Expense	6,600,384	2,741,327
Gain on disposal of Fixed Assets	(62,983,180)	339,739
Unrealised Fair Value (Gain)/Loss	16,885,168	9,725,273
Pension (income)/expense	(4,739,000)	(12,450,000)
Provision for loan impairment	77,183,238	21,000,000
Provision for Investment impairment	-	-
	<u>146,043,335</u>	<u>98,934,369</u>
<b>Changes in Operating Assets and Liabilities</b>		
Inventories	2,143,776	(2,419,503)
Other Receivables & Prepayments	(10,617,391)	(20,920,217)
Accounts & Other Payables & Accrual	66,476,878	5,587,875
Accrued Interest on members' voluntary shares	(27,438,721)	(2,252,309)
	<u>176,607,877</u>	<u>78,930,215</u>
<b>Net Cash Provided by Operating Activities</b>	<u>176,607,877</u>	<u>78,930,215</u>
<b>Cash Flows from Investing Activities:</b>		
Additions to property, plant and equipment	(70,337,828)	(15,484,273)
Additions to Intangible Assets	(54,911,825)	(4,077,499)
Additions to Operating Lease Right of use Assets	(13,246,266)	-
Proceeds disposal of property, plant and equipment	257,883,088	9,700
Proceeds disposal of Intangible Assets	456,889	-
Financial investments	(351,260,010)	485,373,348
Loans to members	(729,845,552)	(696,281,079)
	<u>(961,261,504)</u>	<u>(230,459,803)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(961,261,504)</u>	<u>(230,459,803)</u>
<b>Cash Flows from Financing Activities:</b>		
Voluntary share capital	237,191,163	437,549,247
Permanent shares subscription	5,348,000	6,478,000
Transfers/deduction from Permanent Share Account	(629,766)	(11,457,056)
Savings Deposits	246,741,416	333,724,677
Entrance Fee	1,276,667	1,730,550
Dividend on permanent shares	(7,809,963)	(11,157,043)
Transfer for Honorarium Payments	(3,331,418)	(3,187,727)
Operating Lease Liabilities	10,368,902	-
Borrowing (External Credit)	-	(79,061,855)
Bank overdraft	-	(11,253,669)
	<u>489,155,001</u>	<u>663,365,124</u>
<b>Net Cash Provided by Financing Activities</b>	<u>489,155,001</u>	<u>663,365,124</u>
<b>Increase in Liquid Assets</b>	(295,498,626)	511,835,536
Liquid Assets at Beginning of Year	1,471,411,930	959,576,394
Liquid Assets at End of Year	<u><b>1,175,913,304</b></u>	<u><b>1,471,411,930</b></u>
Liquid Assets - Earning	1,059,962,208	1,376,197,715
Liquid Assets - Non - Earning	115,951,096	95,214,215
	<u><b>1,175,913,304</b></u>	<u><b>1,471,411,930</b></u>

The accompanying notes form an integral part of the financial statements.

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**  
(Expressed in Jamaican Dollars unless otherwise stated)

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**1. Identification:**

Gateway Co-operative Credit Union (2017) Limited (the Credit Union) is incorporated under the laws of Jamaica and is registered under the Co-operative Societies Act. The Credit Union, which is domiciled in Jamaica, has its registered office at 20 Church Street, Montego Bay, and its operations are concentrated in the parish of St. James and Hanover.

The principal activities of the Credit Union include but are not limited to:-

- (a) the promotion of thrift amongst its members;
- (b) the provision of loans to members exclusively for provident and productive purposes; and
- (c) to receive the savings of its members, either as payment on shares, or as deposits.

The Credit Union is a member of the Jamaica Co-operative Credit Union League Limited ("the League") which provides financial services, technical support and sets prudential standards for the credit union movement. The Credit Union is exempt from Income Tax under Section 59 (1) of the Co-operative Societies Act and Section 12 of the Income Tax Act.

Membership in the Credit Union is obtained by holding a minimum of \$2,000 in permanent shares and a minimum of \$500 in voluntary shares. Individual membership may not exceed 20% of the Credit Union's capital. Membership is limited to individuals and their relatives who reside, work, conduct business, study or who were born in the County of Cornwall.

Monies paid for Permanent Shares may not be withdrawn in whole or in part and may not be pledged to secure credit facilities with the Credit Union.

An individual ceasing to be a member of the Credit Union, shall be entitled to a redemption of any amount held as Permanent Shares. Permanent Shares are redeemable upon sale, transfer or repurchase. To facilitate this, the Credit Union has established a Share Transfer Fund Account.

**2. Adoption of Standards, Interpretation and Amendments:**

The International Accounting Standards Boards (IASB) issued certain new standards and interpretations as well as amendments to existing standards, which became effective during the year under review. The Credit Union's management has assessed the relevance of these new standards, interpretations and amendments and has adopted and applied in these financial statements, those standards which are considered relevant to its operations.

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - CONT'D**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**  
 (Expressed in Jamaican Dollars unless otherwise stated)

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**2. Adoption of Standards, Interpretation and Amendments (Cont'd):**

- a) Standards and Interpretations in respect of published standards that are in effect:

**Amendments to References to the Conceptual Framework in IFRS Standards (Effective January 2020)**

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASB framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

**Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) (Effective January 2020)**

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

**Definition of a Business (Amendments to IFRS 3) (Effective January 2020)**

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A, Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

**Definition of Material (Amendments to IAS 1 and IAS 8) (Effect January 2020)**

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards.

These affected the financial statements for accounting periods beginning on or after the first day of the months stated. The adoption of these Standards and amendments did not have a material impact on the Credit Union's financial statements.

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - CONT'D**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**  
 (Expressed in Jamaican Dollars unless otherwise stated)

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**2. Adoption of Standards, Interpretation and Amendments (Cont'd):**

- b) Standards and interpretations which are considered relevant to the Credit Union were issued but not yet effective:

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the company has not early-adopted. The company has assessed the relevance of all the new standards, amendments and interpretations with respect to the company's operations and has determined that the following are likely to have an effect on the company's financial statements:

**Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (Effect January 2022)**

The amendments in *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and are to be applied retrospectively. Earlier application is permitted.

**Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) (Effect January 2022)**

The changes in *Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)* specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

Entities should apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

**Reference to the Conceptual Framework (Amendments to IFRS 3)(Effect January 2022):**

The changes in *Reference to the Conceptual Framework (Amendments to IFRS 3)*:

- updates IFRS 3, so that it refers to the 2018 *Conceptual Framework* instead of the 1989 *Framework*;
- adds to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- adds to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - CONT'D**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**  
(Expressed in Jamaican Dollars unless otherwise stated)

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**2. Adoption of Standards, Interpretation and Amendments (Cont'd):**

- b) Standards and interpretations which are considered relevant to the Credit Union were issued but not yet effective (Cont'd):

**Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) (Effect January 2022):**

*The amendments in Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.*

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

**Annual Improvements to IFRS Standards 2018–2020**

The IASB has issued 'Annual Improvements to IFRS Standards 2018–2020'. The pronouncement contains amendments to four International Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project.

*Annual Improvements to IFRS Standards 2018–2020* makes amendments to the following standards:

**IFRS 1 First-time Adoption of International Financial Reporting Standards (Subsidiary as a first-time adopter) (Effect January 2022)**

The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

**IFRS 9 Financial Instruments (Effect January 2022)**

Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

**IAS 41 Agriculture-Taxation in fair value measurements (Effect January 2022)**

The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments to IFRS 1, IFRS 9, and IAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

These affect financial statements for accounting periods beginning on or after the first day of the month stated. The company is assessing the impact these amendments will have on its financial statements.

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - CONT'D**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**  
 (Expressed in Jamaican Dollars unless otherwise stated)

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**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies:**

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

a) **Statement of Compliance and Basis of Preparation -**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB), and comply with the requirements of the Co-operative Societies Act. They have been prepared under the historical cost convention, as modified by the revaluation of investment property, certain available-for-sale financial investments and other financial investments at fair value. These financial statements are expressed in Jamaican Dollars which is the functional currency of the Credit Union.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Credit Union's policies. Although these estimates are based on management's best knowledge of historical experience, factors including expectations of future events and actions, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

b) **Use of Estimates and Judgements -**

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) requires directors and management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on historical experience and directors and management's best knowledge of current events and actions and are reviewed on an on-going basis. Actual results could differ from those estimates.

**Critical Accounting Estimate and judgement applied**

**i) Classification of Financial Asset**

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payments of principal and interest on the principal payment amount outstanding requires management to make certain judgments on its business operations.

**ii) Impairment of Financial Assets**

Establishing the criteria of determining whether credit risk of the financial assets has increase significantly since initial recognition , determining the methodology for incorporating forward-looking information into the measurement of expected credit losses (ECL) and selection and approval of models used to measure ECL requires significant judgement.

**Risk of Estimation uncertainty**

**iii) Measurement of Expected Credit allowance/provision under IFRS 9**

The measurement of expected credit allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. That is the likelihood of members defaulting and the resulting loss).

- A number of significant judgements are also required in applying the accounting requirement for measuring expected credit losses,
- Determining criteria for significant increase in credit risk;
  - Selecting appropriate models and assumptions for the measurement of expected credit losses;

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**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):**

**iii) Measurement of Expected Credit allowance/provision under IFRS 9 (Cont'd)**

- Establishing of the number and relative weightings of forward-looking scenarios for each type of product or market and associated expected credit loss;
- Establishing groups of similar financial assets for the purpose of measuring expected credit losses.

**c) Loans to Members and provisions for Loan Impairment -**

Loans are recognized when cash is advanced to borrowers. 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.

The Credit Union, under the IFRS 9 Expected Credit Loss (ECL) impairment framework, recognises ECLs on loans, taking into account past events, current conditions and forecast information. In this regard, the Credit Union determines the economic variables that are likely to influence the borrowers' ability to meet their loan obligations in the future and incorporate such forward looking economic information in the overall estimation of the expected credit loss.

Additionally, the credit union is required to update the amount of ECLs recognised at each reporting date to reflect changes in credit risk of the loan portfolio.

Loans to members are held solely for the collection of principal and interest in accordance with the contractual arrangement between the credit union and the borrower. Therefore, loans are classified under the hold to collect business model and are measured at amortized cost.

The credit union assigns an initial risk rating to each loan at the date of disbursement. The risk rating is determined by the credit score assigned and categorised in the recognised credit score bands.

**Loan Staging**

By way of disclosure, the credit union estimates and reports the ECL on a stage by stage basis.

**Stage 1**

Loans are placed in Stage 1 at origination and remains in this stage provided;

- a. The loans have not experience a significant increase in credit risk.
- b. The loans are due to mature in 12 months of the reporting date and are not in a state of default.

**Stage 2**

Loans are transitioned to Stage 2 when there is evidence that such loans have experienced a significant increase in credit risk.

**Stage 3**

Loans are transitioned into Stage 3 if there is evidence that these loans are impaired or are at a default stage. Loans that are past due for a period of 90 days or more are deemed to have defaulted.

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**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):**

**(d) Liquid Assets**

For the purposes of the statement of cash flows, liquid assets include cash and cash equivalents which consist of cash on hand and current accounts held at banks and deposits held under 6 months with banks and other financial institutions.

**(e) Financial Investments-**

At initial recognition, the Credit Union measures a financial asset at its fair value, plus or minus (in the case of a financial asset not at fair value through profit or loss transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset; such as fees and commissions. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Immediately after recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

From 1st January 2018, the Credit Union has applied IFRS 9 and classified its financial assets as either Fair value through profit or loss (FVPL); Fair value through other comprehensive income (FVOCI) or Amortised cost.

Classification and subsequent measurement of debt instruments depend on the credit union's business model for managing the asset; and the cash flow characteristics of the asset.

Based on these factors, the credit union classifies its debt instruments into one of the following three measurement categories:

- *Amortised cost:* Assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI') and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at (vi). Interest income from these financial assets is included in 'Interest and similar income' using the effective interest method.
- *Fair value through other comprehensive income (FVOCI):* Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL are measured at fair value through other comprehensive income (FVOCI).
- *Fair value through profit or loss:* Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within. 'Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

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**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):**

**f) Impairment of Financial Assets**

Business Model: the business model reflects how the Credit Union manages the assets in order to generate cash flows. That is, whether the credit union's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Loss allowances are measured at an amount equal to lifetime ECL except for the following are measured as a 12-month ECL:

- debt investment securities that are low in risk
- other financial instruments (other than lease receivables) on which credit risk not increased significantly.

12-month ECL are the portion of ECL that result from default events of a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised is referred to as Stage 1 financial instrument.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial Instruments for which lifetime ECL is recognised and is not credit-impaired is referred to Stage 2 financial instruments.

At each reporting date, the credit union assesses whether the financial assets carried at amortised cost are credit-impaired (referred to a Stage 3 financial assets).

**(g) Provisions**

**General**

Provisions are recognized when the Credit Union has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of the statement of financial position.

**IFRS 9- Expected Credit Loss (ECL)**

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 "Financial Instruments: Recognition and measurement". IFRS 9 bring fundamental changes to the accounting of financial assets and to certain aspects of the accounting for financial liabilities.

The Expected Credit Loss (ECL) represents the amount the Credit Union is likely to lose in the event of a default.

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**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):**

**(g) Provisions -(Cont'd)**

In recognizing Expected Credit Loss (ECL) as prescribed by IFRS 9, the Credit Union took into account past events, current conditions and forecast information. The Credit Union determined the economic variables that are likely to influence the borrowers ability to meet their loan obligation in the future and incorporate such forward looking economic information in the overall estimation of the expected credit loss.

At each reporting date, the Credit Union is required to update the amount of ECLs recognised to reflect changes in credit risk of the loan portfolio.

At least once annually, the credit union re-assesses the risk ratings bands and carries out the necessary adjustments in order to ensure that the ratings bands are consistent with prevailing trends and conditions.

As permitted by transitional provisions of IFRS 9, any adjustments to the carrying amount of financial assets and liabilities at the date of transition were recognized in the opening retained earning and other reserves of the current period.

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**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):**

**h) Investment Property-**

Investment Property was held for long-term rental yields, for capital appreciation or both, and was not occupied by the Credit Union. Investment property use to comprise of an office building which was leased under an operating lease agreement and land held for capital appreciation.

The office building was partially occupied by the credit union, with the remainder being leased for rental income or capital appreciation. The portion that was owner-occupied was accounted for under IAS 16, and the portion that was leased or for capital appreciation or both was treated as investment property under IAS 40. The Credit Union considered the owner-occupied portion as being significant since fifty percent (50%) of the property was leased to earn rental income or held for capital appreciation. To determine the percentage of the portions, the Credit Union used the size of the property measured in square meters.

Recognition of investment property took place only when it was probable that the future economic benefits that was associated with the investment property would flow to the entity and the cost could be measured reliable. This was usually when all risks were transferred. Investment property was treated as a long-term investment and was carried at initial cost including transaction costs. The carrying amount included the cost of replacing parts of the investment property at the time the cost was incurred once the recognition criteria were met; and excluded the cost of day-to-day servicing of the investment property. Subsequent to the initial recognition, investment property was stated at fair value, which reflects market conditions at the date of the statement of financial position.

**i) Cash and Cash Equivalents -**

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents comprise balances with less than three (3) months maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three (3) months or less, not held to satisfy League requirements, net of bank overdraft.

**j) Inventories -**

Inventories are stated at the lower of cost and net realisable value, cost being determined on the first-in first-out (FIFO) basis. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

**k) Accounts Receivable -**

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on all outstanding amounts at year end. Bad debts are written off in the year in which they are identified.

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**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):**

**l) Property, Plant and Equipment -**

Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. No property, plant and equipment were impaired as at 31st December 2020 and 2019.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Credit Union and the cost can be reliably measured. Repairs and renewals are charged to net surplus in the statement of comprehensive income during the financial period in which they are incurred.

Land is stated at historical costs. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment if any. The Credit Union has elected to apply depreciation on other assets on the straight-line basis at annual rates estimated to write off the assets over their expected useful lives as follows:

Buildings	2.5%
Leasehold Improvements	50%
Machinery and Office Equipment	10%
Computer Equipment	20% - 33.33%
Furniture & Fixtures	10%

Land is not depreciated.

Gains or losses on disposal of Property, Plant and Equipment are determined by their carrying amount and are taken into account in determining operating surplus.

**m) Intangible Assets -**

Intangible Assets comprise separately identifiable intangible items arising from computer software licenses and programmes. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Credit Union and that qualify for recognition are recognised as intangible assets. Intangible assets are recognised at cost. Intangible assets with a definite useful life are amortised using the straight-line method over their estimated useful economic life, which does not exceed three years.

**n) Borrowing Costs-**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between the proceeds, net of transaction costs, and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and, therefore, have been capitalised. Other borrowing costs are recognised as an expense.

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**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):**

**o) Retirement Benefits -**

**i) Pension Obligations**

The Credit Union participates in a multi-employer defined benefit pension plan. The pension plan is generally funded by payments from employees and the Credit Union, taking into account the recommendation of independent qualified actuaries. A defined benefit plan is a pension plan that defines the amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service and compensation.

The amount recognised in the statement of financial position as asset or liability in respect of defined benefit pension plans is the difference between the present value of the defined benefit obligation at the reporting date and the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on Government of Jamaica securities which have terms to maturity approximating the terms of the related pension obligation.

Service costs are recognised in the profit or loss as a part of staff costs, and include current and past service costs as well as gains or losses on curtailments, benefit changes and settlements.

Net interest expense/(income) is recognised in the statement of comprehensive income as part of staff costs, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset), at the beginning of the annual reporting period, to the balance of the net defined benefit obligation (asset) and the fair value of plan assets.

Actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, are charged or credited to equity, through other comprehensive income, in the period in which they arise.

**ii) Leave accrual**

The Credit Union's vacation leave policy allows unused vacation leave to be carried forward yearly. All outstanding leave is recognised in the statement of comprehensive income in the period to which it relates.

**iii) Profit Sharing and Bonus Plans**

The Credit Union recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the net surplus attributable to the Credit Union's members after certain adjustments. The Credit Union recognises a provision where contractually obliged or where there is past practice that has created a constructive obligation.

**p) Expenses**

Expenses are recognized in the Statement of Comprehensive Income on the accrual basis.

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**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):**

q) **Other Assets-**

Receivables are carried at original amounts less provisions for bad debt and impairment losses. A provision for bad debt is established when there is objective evidence that the Credit Union will not be able to collect all amounts due according to the original terms of the receivables. The amount of any provision is the difference between the carrying amount and the expected recoverable amount.

r) **Financial Liabilities -**

The Credit Union's financial liabilities primarily comprise members' deposits, member's voluntary shares, payables and bank overdraft. These are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

s) **Members' Voluntary Shares -**

Under the International Financial Reporting Standards, Voluntary shares in the Credit Union can no longer be regarded as share capital but should be treated as a liability. Members' voluntary shares represent withdrawable deposit holdings of the Credit Union's members to facilitate eligibility for loans and other benefits. Interest paid on these shares is classified as an expense in net surplus and is paid at a rate that is determined from time to time by the Board of Directors, subject to the profitability of the Credit Union.

t) **Accounts Payables -**

Accounts payable are initially recorded at fair value and subsequently stated at amortised cost.

u) **Provisions -**

Provisions are recognized when the Credit Union has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of the statement of financial position.

v) **Members' Permanent Share Capital -**

Member's permanent share capital represents shares paid up in cash and form part of the risk capital of the Credit Union. Members' share capital may be redeemable subject to the sale, transfer or repurchase of such shares.

Dividends on members' permanent share capital are transferred to members' voluntary share accounts (net of withholding tax), in accordance with the Credit Union's rules, in the period in which they are approved by the Credit Union's members.

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**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):**

w) **Institutional Capital -**

Institutional Capital includes a statutory reserve fund, as well as various other reserves, established from time to time which, in the opinion of the directors are necessary to support the operations of the Credit Union and, thereby, protect the interests of the members. These reserves are not available for distribution to members.

x) **Statutory Reserves -**

The Co-operative Societies Act provides that at least twenty percent (20%) of the annual net income of the Credit Union should be carried to a Statutory Reserve Fund which is not available for distribution to its members..

y) **Revenue Recognition -**

Fees and other Income

Fees and other income are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loans.

z) **Foreign Currency Translation -**

Functional and presentation currency

Items included in the financial statements of the Credit Union are measured using the currency of the primary economic environment in which the Credit Union operates ('the functional currency'). The Credit Union's primary economic environment is Jamaica, and as such, its functional and presentation currency is Jamaican dollars.

Transactions and balances

Foreign currency transactions are converted into the functional currency at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the date of the statement of financial position. Exchange gains and losses resulting from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange gains and losses on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

aa) **Interest Income and Expense**

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the statement of comprehensive income using the effective interest method.

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**3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Cont'd):**

**aa) Interest Income and Expense (cont'd)**

The effective interest rate is the method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Credit Union estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation include all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transactions costs and all other premiums or discounts.

Once a financial asset or group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

**ab) League fees and stabilisation dues -**

JCCUL has fixed the rate of league fees at 0.20% (2019 - 0.20%) of total assets less adjustment for certain fair value and reserve items. Stabilisation dues are fixed at a rate of 0.10% (2019 - 0.15%) of total savings.

**ac) Related Party Balances and Transactions -**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures* as the "reporting entity").

- (a) A person or a close member of that person's family is related to the reporting entity if that person:
- (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to the reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.



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**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

iii) Accounting Department

This department is responsible for the day-to-day management of the Credit Union's assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Credit Union.

iv) Supervisory Committee

The Supervisory Committee oversees how management monitors compliance with the Credit Union's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Credit Union. The Supervisory Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Supervisory Committee.

v) Credit Committee

The Credit Committee monitors the overall credit administration and granting of loans. The Credit Union's policy is that risk management processes throughout the Credit Union are audited periodically by the Internal Audit function, which examines both the adequacy of the procedures and the Credit Union's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Supervisory Committee.

Monitoring and controlling risk is primarily performed based on limits established by the Credit Union. These limits reflect the business strategy and market environment of the Credit Union as well as the level of risk that the Credit Union is willing to accept, with additional emphasis on selected industries. In addition, the Credit Union's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

In addition, the League has established a Risk Management Unit for credit unions in Jamaica and the Credit Union participates in this risk management initiative. They conduct seminars, draft policies and assist credit unions in identifying and managing risks.

The Credit Union is exposed to credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

(a) **Credit risk**

The Credit Union takes on exposure to credit risk, which is the risk that its members or counterparties will cause a financial loss for the Credit Union by failing to discharge their contractual obligations. Credit risk is the most important risk for the Credit Union's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending and investment activities. There is also credit risk in financial instruments not included in the statement of financial position, such as loan commitments. The Credit Union structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or related counterparties.

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**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

(a) **Credit risk (cont'd)**

**Credit Review Process**

The Credit Union has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations.

i) **Loans**

The Credit Union assesses the probability of default of borrowers. Exposure to credit risk is managed in part by obtaining collateral, and corporate and personal guarantees. Counterparty limits are established by the Board and are detailed in the Credit Union's loan policy document. These limits are subject to regular revision. The credit quality review process allows the Credit Union to assess the potential loss as a result of the risk to which it is exposed and take corrective action.

ii) **Investments**

The Credit Union limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and in Government of Jamaica fixed rate benchmark investments. Accordingly, management does not expect any counterparty to fail to meet its obligations.

iii) **Collateral and other credit enhancement**

The amount of and type of collateral required depends on an assessment of the credit risk of the members. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

- Bills of sale on motor vehicles, furniture and appliances
- Mortgages over real estate
- Life insurance policies
- Liens on members' shares and deposits maintained with the Credit Union
- Hypothecated funds invested at other financial institutions
- Co-maker account

Management monitors the market value of collateral held, and requests additional collateral in accordance with the underlying agreement, during its review of the adequacy of the provision for credit losses.

**Impairment**

Impaired loans are loans for which the Credit Union determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

*Impaired Loans*

Impaired loans are loans for which the Credit Union determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan.

*Past Due but not Impaired Loans*

These are loans where contractual interest or principal payments are past due but the Credit Union believes that impairment is not appropriate on the basis of the level of security available or the stage of collection of amounts owed to the Credit Union.

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**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

(a) **Credit risk-Cont'd:**

**Credit Review Process (Cont'd)**

**Impairment (cont'd)**

*Allowances for Impairment*

Prior to January 1, 2018, the Credit Union inline with IAS 39 established an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established on a Credit Union basis in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment. Additional regulatory allowance is made based on the aging of the delinquency portfolio. This additional allowance is treated as an appropriation and taken to reserves.

Effective January 1, 2018, the Credit Union under IFRS 9 established an impairment framework that estimates expected credit losses in its loan portfolio. The Credit Union have a documented IFRS 9 policy in place to guide the recognition and derecognition process. Management is responsible for the reassessment of credit risk of all loans to members annually or earlier if the needs arises and determine whether there is a significant increase in the credit risk from the loan origination date to the date reporting date.

The League's loan loss provisioning rules in (Note 7) focus more on credit-quality mapping of the respective delinquency periods to corresponding pre-determined percentages. In contrast, impairment provisions described above are recognised for financial reporting purposes only for losses that have been incurred at the date of the statement of financial position based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements may differ from the amount determined from the League's loan loss provisioning rules that are used for internal operational management and the Credit Union's internal provisioning method.

The difference between the two amounts is dealt with as an additional provision through transfer from accumulated surplus to the loan loss reserve in non-institutional capital.

**Credit Risk Exposure**

**Maximum Exposure under IFRS 9**

**Loans:**

<b><u>As per Expected Credit Loss (ECL) Report</u></b>	<b>Gross Carrying Amount</b>		<b>Expected Credit Loss</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>		
<b>Stage 1 (12- month ECL)</b>	5,994,256,366	5,385,049,042	45,766,750	31,792,358
<b>Stage 2 (Lifetime ECL)</b>	82,058,895	113,611,418	2,934,018	1,834,891
<b>Stage 3 (Lifetime ECL)</b>	120,252,143	91,568,091	72,313,519	61,816,813
<b>Total</b>	<b>6,196,567,404</b>	<b>5,590,228,551</b>	<b>121,014,287</b>	<b>95,444,062</b>
<b><u>As per General ledger</u></b>	<b>6,196,567,404</b>	<b>5,590,228,551</b>	<b>121,014,287</b>	<b>95,444,062</b>
<b><u>Difference</u></b>	-	-	-	-

The gross carrying amount of financial assets above represents the maximum exposure to credit risk on these assets.

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**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

(a) **Credit risk-Cont'd:**

**Credit risk exposure-Cont'd:**

**Maximum Exposure under IFRS 9-Cont'd**

For items on the statement of financial position, the exposures are based on net carrying amounts as reported in the statement of financial position.

For items not on the statement of financial position, see below representing a worst case scenario of credit risk exposure to the Credit Union at 31st December 2020 and 2019, without accounting for any collateral held or other credit enhancements.

	<b>2020</b>	<b>2019</b>		
	<b>\$</b>	<b>\$</b>		
Loan Commitments	<u>167,430,500</u>	<u>129,254,308</u>		
 (i) Changes in Credit quality since initial recognition:				
	<b><u>Stage 1</u></b>	<b><u>Stage 2</u></b>	<b><u>Stage 3</u></b>	<b><u>Total</u></b>
	12-month ECL	Lifetime ECL	Lifetime ECL	
Gross carrying amount on Loans as at January 1, 2020	5,385,049,042	113,611,418	91,568,091	<b>5,590,228,551</b>
Financial Assets derecognized during the period other than write offs	(437,647,465)	(17,040,476)	(68,556,255)	<b>(523,244,196)</b>
<b><u>Transfers between Stages</u></b>				
Transfer from Stage 1 to 2	(55,044,967)	55,044,967	-	-
Transfer from Stage 1 to 3	(94,826,992)	-	94,826,992	-
Transfer from Stage 2 to 1	56,913,894	(56,913,894)	-	-
Transfer from Stage 2 to 3	-	(24,300,844)	24,300,844	-
Transfer from Stage 3 to 1	23,685,334	-	(23,685,334)	-
Transfer from Stage 3 to 2	-	586,369	(586,369)	-
New Financial Assets originated	1,116,127,520	11,071,354	2,384,176	<b>1,129,583,049</b>
Loan Write offs	-	-	-	-
Gross Carrying Amount on Loans as at December 31, 2020	<u><b>5,994,256,366</b></u>	<u><b>82,058,895</b></u>	<u><b>120,252,143</b></u>	<u><b>6,196,567,404</b></u>
	<b><u>Stage 1</u></b>	<b><u>Stage 2</u></b>	<b><u>Stage 3</u></b>	<b><u>Total</u></b>
	12-month ECL	Lifetime ECL	Lifetime ECL	
Expected Credit Loss as at January 1, 2020	31,792,358	1,834,891	61,816,813	<b>95,444,062</b>
<b><u>Transfers between Stages</u></b>				
Transfer from Stage 1 to 2	(396,638)	396,638	-	-
Transfer from Stage 1 to 3	(966,537)	-	966,537	-
Transfer from Stage 2 to 1	730,605	(730,605)	-	-
Transfer from Stage 2 to 3	-	(571,393)	571,393	-
Transfer from Stage 3 to 1	10,077,472	-	(10,077,472)	-
Transfer from Stage 3 to 2	-	533,596	(533,596)	-
ECL on New Financial Asset originated	7,133,725	710,686	2,138,380	<b>9,982,791</b>
Net movement due to Asset derecognition and changes PD/LGDs/EADs factors	(2,604,235)	760,204	17,431,465	<b>15,587,434</b>
Expected Credit Loss as at December 31, 2020	<u><b>45,766,750</b></u>	<u><b>2,934,018</b></u>	<u><b>72,313,519</b></u>	<u><b>121,014,287</b></u>

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**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

(a) **Credit risk-Cont'd:**

**Credit risk exposure-Cont'd:**

(i) Credit quality of loans is summarised as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Neither past due nor impaired	5,816,880,242	4,108,711,207
Past due but not impaired	329,687,163	1,407,042,461
Impaired	50,000,000	74,474,883
Gross Loan amounts	6,196,567,405	5,590,228,551
Less: Provision for credit losses	(121,014,287)	(95,444,062)
Net Loans Receivable	<u>6,075,553,118</u>	<u>5,494,784,489</u>

Further information on the impairment allowance for loans is provided in (Note 7).

(i) Ageing analysis of loans:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Less than 30 days	181,482,236	1,286,566,811
31 to 60 days	49,135,752	80,460,329
61 to 90 days	31,699,073	27,475,435
More than 90 days	117,370,102	12,539,886
	<u>379,687,163</u>	<u>1,407,042,461</u>

There are no financial assets other than loans that are past due.

iii) Financial assets - individually impaired

Financial assets that are individually impaired before taking into consideration the cash flows from collateral held are as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Loans to members	<u>50,000,000</u>	<u>74,474,883</u>

The fair value of collateral that the Credit Union held as security for individually impaired loans was \$46,240,000.00 (2019 - 44,490,000.00).

There are no financial assets other than those listed above that were individually impaired.

iv) Loans

The following table summarises the credit exposure of the Credit Union for loans at their carrying amounts as categorised by industry sectors:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Agriculture	10,637,543	11,232,496
Construction and real estate	1,549,875,304	1,230,718,785
Debt refinancing and consolidation	468,200,975	381,030,677
Transportation	375,459,602	277,709,945
Personal	1,057,077,136	900,971,127
Motor Vehicles	2,339,661,492	2,496,062,474
Education	104,351,872	115,544,177
Small Business	280,274,470	176,215,097
Professional and other services	11,029,010	743,773
	6,196,567,404	5,590,228,551
Less: Provision for credit losses	(121,014,287)	(95,444,062)
	6,075,553,117	5,494,784,489
Interest receivable	112,634,620	40,740,934
	<u>6,188,187,737</u>	<u>5,535,525,423</u>

v) Renegotiated loans

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review (restructuring is most commonly applied to term loans). As at 31st December 2020, there were three renegotiated loans totaling \$6,516,745 (2019-\$2,186,272).

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**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

(a) **Credit risk-Cont'd:**

**Credit risk exposure-Cont'd:**

vi) **Repossessed Collateral**

The Credit Union obtained assets by taking possession of collateral held as security, as follows:

	<b>Carrying Amount 2020</b>	<b>Carrying Amount 2019</b>
	<b>\$</b>	<b>\$</b>
Motor vehicles	48,640,000	25,204,924
Real estate	-	4,758,053
	<u>48,640,000</u>	<u>29,962,977</u>

Repossessed property and motor vehicles are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. The Credit Union does not occupy repossessed property for business use.

vii) **Debt securities**

This disclosure provided in this note are based on the Credit Union's investment portfolio. The following table summaries the categories of Credit Union's credit exposure for debt securities and their carrying amounts at year end:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Government of Jamaica	174,820,967	185,289,890
Financial Institutions	1,219,957,945	1,237,274,195
Credit Union Fund Management Company Limited	602,341,711	575,519,686
Jamaica Co-operative Credit Union League Limited	9,074,411	9,437,426
	<u>2,006,195,034</u>	<u>2,007,521,198</u>

(b) **Liquidity risk**

Liquidity risk is the risk that the Credit Union is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay members and fulfil commitments to lend.

**Liquidity risk management process**

The Credit Union's liquidity management process, as carried out within the Credit Union and monitored by the Finance Committee, includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral, which could be used to secure funding if required;
- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flows;
- (iii) Maintaining committed lines of credit;
- (iv) Optimising cash returns on investments;
- (v) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements. The most important of these is to maintain code one rating liquidity ratio according to the PEARLS-M standard; and
- (vi) Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Credit Union. It is unusual for entities ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Credit Union and its exposure to changes in interest rates and exchange rates.

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**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

(b) **Liquidity risk - Cont'd:**

**Financial liabilities and assets held for managing liquidity risk**

The tables below present the cash flows payable and receivable by the Credit Union for financial liabilities and assets held at contractual maturity dates for managing liquidity risk by remaining contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flow (principal and interest cash flows).

**As at 31st December 2020**

	<b>Within 3 Months \$</b>	<b>3 to 12 Months \$</b>	<b>1 to 5 Years \$</b>	<b>Over 5 Years \$</b>	<b>No Specific Maturity \$</b>	<b>Total \$</b>
Members' saving deposits	32,182,516	591,946,531	1,333,751,000	1,251,701,000	806,884,372	4,016,465,419
Members' voluntary shares	-	-	-	-	3,487,474,304	3,487,474,304
Operating Lease Liabilities	953,263	3,235,518	6,180,121			10,368,902
Non-interest bearing liabilities	63,287,166	157,475,954	-	-	-	220,763,120
<b>Total financial liabilities (contractual maturity dates)</b>	<b>96,422,945</b>	<b>752,658,003</b>	<b>1,339,931,121</b>	<b>1,251,701,000</b>	<b>4,294,358,676</b>	<b>7,735,071,745</b>
<b>Assets held for managing liquidity risk (contractual maturity dates)</b>	<b>141,026,402</b>	<b>446,208,810</b>	<b>4,607,865,935</b>	<b>2,185,328,606</b>	<b>797,941,213</b>	<b>8,178,370,966</b>

**As at 31st December 2019**

	<b>Within 3 Months \$</b>	<b>3 to 12 Months \$</b>	<b>1 to 5 Years \$</b>	<b>Over 5 Years \$</b>	<b>No Specific Maturity \$</b>	<b>Total \$</b>
Members' saving deposits	125,627,315	578,695,210	1,023,651,397	1,004,839,305	1,036,910,776	3,769,724,003
Members' voluntary shares	-	-	-	-	3,250,283,141	3,250,283,141
External Credit	-	-	-	-	-	-
Non-interest bearing liabilities	43,360,008	138,364,955	-	-	-	181,724,963
<b>maturity dates)</b>	<b>168,987,323</b>	<b>717,060,165</b>	<b>1,023,651,397</b>	<b>1,004,839,305</b>	<b>4,287,193,917</b>	<b>7,201,732,107</b>
<b>Assets held for managing liquidity risk (contractual maturity dates)</b>	<b>270,590,788</b>	<b>699,088,490</b>	<b>4,101,627,193</b>	<b>1,788,772,786</b>	<b>846,992,486</b>	<b>7,707,071,743</b>

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**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

**(b) Liquidity risk - Cont'd:**

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash and bank balances, items in the course of collection, investment securities and other eligible bills, and loans and advances to members. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt securities and treasury and other bills have been pledged to secure liabilities. The Credit Union is also able to meet unexpected net cash outflows by selling securities and accessing additional funding sources from other financing institutions.

Off-statement of financial position items

Undrawn loan commitments, as discussed in Note 4(a), will expire in less than one year.

**(c) Market risk**

The Credit Union is exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arises from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Accounting Department which carries out research and monitor the price movement of financial assets.

There has been no change to the Credit Union's exposure to market risk or the manner in which it manages and measures the risk.

**Foreign Currency risk**

Currency risk is the risk that the fair value or financial instruments will fluctuate due to changes in foreign exchange rates. The Credit Union is exposed to foreign exchange risk primarily with respect to the US dollar. The statement of financial position at 31st December 2020 includes aggregate foreign assets the equivalent of \$45,275,362 (2019 - \$67,119,555).

The Credit Union manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Credit Union further manages this risk by holding foreign currency balances.

**Foreign currency sensitivity**

The following table indicates the currencies to which the Credit Union had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represent management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for the percentage changes in foreign currency rates as indicated below. The sensitivity of the net surplus was as a result of US dollar-denominated reverse repurchase agreements and financial investments. There would be no impact on equity other than through net surplus.

	<b>Change in Currency Rate 2020 %</b>	<b>Effect on Net Surplus 2020 \$</b>	<b>Change in Currency Rate 2019 %</b>	<b>Effect on Net Surplus 2019 \$</b>
Devaluation	<u>6</u>	<u>6,451,920</u>	<u>4</u>	<u>4,301,280</u>
Revaluation	<u>2</u>	<u>(2,150,640)</u>	<u>2</u>	<u>(1,075,320)</u>

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**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

(c) **Market risk -Cont'd**

**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.

Floating rate instruments expose the Credit Union to cash flow interest rate risk, whereas fixed interest rate instruments expose the Credit Union to fair value interest rate risk.

Interest rate risk is managed through monitoring interest rate gaps and having pre-approved limits for re-pricing bands. The Credit Union's policy is to monitor positions on a daily basis and strategies are used to ensure positions are maintained within the established limits. This is monitored by the Accounting Department.

The following tables summarise the Credit Union's exposure to interest rate risk. It includes the Credit Union's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

**Financial Assets**

	<b>Within 3 Months</b>	<b>3 to 12 Months</b>	<b>1 to 5 Years</b>	<b>Over 5 Years</b>	<b>No Specific Maturity Date</b>	<b>Non-Interest Bearing</b>	<b>Total</b>
	<b>₹</b>	<b>₹</b>	<b>₹</b>	<b>₹</b>	<b>₹</b>	<b>₹</b>	<b>₹</b>
<b>Earning Assets</b>							
Liquid assets							
Deposits	-	-	-	-	576,534,899	-	576,534,899
Reversed Repurchase agreements	36,496,424	90,195,100	-	-	-	-	126,691,524
Financial investments	71,516,000	256,134,584	709,187,453	132,518,941	221,406,314	-	1,390,763,292
Loans to members after provision for impairment	154,648,598	99,879,126	3,885,474,703	2,048,185,310	-	-	6,188,187,737
<b>Non-earning assets</b>	-	-	-	-	719,807,342	-	719,807,342
<b>Total financial assets</b>	<b>262,661,022</b>	<b>446,208,810</b>	<b>4,594,662,156</b>	<b>2,180,704,251</b>	<b>1,517,748,555</b>	<b>-</b>	<b>9,001,984,794</b>
<b>Financial liabilities</b>							
<b>Interest bearing liabilities</b>							
Members' saving deposits	32,182,516	591,946,531	1,333,751,000	1,251,701,000	806,884,372	-	4,016,465,419
Members' voluntary shares	-	-	-	-	3,487,474,304	-	3,487,474,304
Operating Lease Liabilities	953,263	3,235,518	6,180,121	-	-	-	10,368,902
<b>Non-interest bearing liabilities</b>	63,287,166	157,475,954	-	-	-	-	220,763,120
Equity	-	-	-	-	-	1,266,913,049	1,266,913,049
<b>Total financial liabilities</b>	<b>96,422,945</b>	<b>752,658,003</b>	<b>1,339,931,121</b>	<b>1,251,701,000</b>	<b>4,294,358,676</b>	<b>1,266,913,049</b>	<b>9,001,984,794</b>
<b>Total Interest Rate Sensitivity Gap</b>	<b>166,238,077</b>	<b>(306,449,193)</b>	<b>3,254,731,035</b>	<b>929,003,251</b>	<b>(2,776,610,121)</b>	<b>(1,266,913,049)</b>	<b>-</b>

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**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

(c) **Market risk -Cont'd**

**Interest rate risk**

**Financial Assets**

	<b>Within 3 Months \$</b>	<b>3 to 12 Months \$</b>	<b>1 to 5 Years \$</b>	<b>2019 Over 5 Years \$</b>	<b>No Specific Maturity Date \$</b>	<b>Non Interest Bearing</b>	<b>Total \$</b>
<b>Earning Assets</b>							
Liquid assets							
Deposits	-	-	-	-	550,458,695	-	550,458,695
Reversed Repurchase agreements	177,310,709	47,829,979	-	-	-	-	225,140,688
Financial Investments	21,556,950	520,641,466	329,000,000	132,518,791	296,533,791	-	1,300,250,998
Loans to members after provision for Impairment	5,828,017	111,906,002	3,782,278,342	1,635,513,062	-	-	5,535,525,423
Non-earning assets	-	-	-	-	772,717,610	-	772,717,610
<b>Total financial assets</b>	<b>204,695,676</b>	<b>680,377,447</b>	<b>4,111,278,342</b>	<b>1,768,031,852</b>	<b>1,619,710,096</b>	<b>-</b>	<b>8,384,093,413</b>
<b>Financial liabilities</b>							
<b>Interest bearing liabilities</b>							
Members' saving deposits	125,627,315	578,695,210	1,023,651,397	1,004,839,305	1,036,910,776	-	3,769,724,003
Members' voluntary shares	-	-	-	-	3,250,283,141	-	3,250,283,141
<b>Non-interest bearing liabilities</b>	<b>43,360,008</b>	<b>138,364,955</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>181,724,963</b>
Equity	-	-	-	-	-	1,182,361,306	1,182,361,306
<b>Total financial liabilities</b>	<b>168,987,323</b>	<b>717,060,165</b>	<b>1,023,651,397</b>	<b>1,004,839,305</b>	<b>4,287,193,917</b>	<b>1,182,361,306</b>	<b>8,384,093,413</b>
<b>Total Interest Rate Sensitivity Gap</b>	<b>35,708,353</b>	<b>(36,682,718)</b>	<b>3,087,626,945</b>	<b>763,192,547</b>	<b>(2,667,483,821)</b>	<b>(1,182,361,306)</b>	<b>-</b>

The sensitivity of the net surplus is the effect of the assumed changes in interest rates on net income based on the floating rate non-trading financial assets and financial liabilities. There is sensitivity with respect to other components of equity, as the Credit Union has fixed rate available-for-sale investments. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be analysed on an individual basis.

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**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

(c) **Market risk -Cont'd**

**Interest rate risk- Cont'd:**

**Interest rate sensitivity**

	Change in Basis Points 2020 \$	Effect on Net Surplus 2020 \$	Change in Basis Points 2019 \$	Effect on Net Surplus 2019 \$
	-100	-	-100	-
	+100	-	+100	-

Average effective yields by the earlier of the contractual re-pricing or maturity dates:

	Within 3 Months %	3 to 12 Months %	2020 1 to 5 Years %	Over 5 Years %	Weighted Average %
<b>Earning Assets</b>					
Liquid assets-					
Deposits	1.90	-	-	-	1.90
Reversed Repurchase Agreements	2.40	4.15	-	-	-
Financial Investments	7.00	4.58	6.06	11.75	5.50
Loans (1)	8.25	10.25	11.25	11.50	11.00
<b>Interest bearing liabilities</b>					
Members' Deposits (2)	1.55	3.05	4.00	4.10	2.75
Members' Voluntary Shares	-	1.50	-	-	-
<b>2019</b>					
	Within 3 Months %	3 to 12 Months %	1 to 5 Years %	Over 5 Years %	Weighted Average %
<b>Earning Assets</b>					
Liquid assets-					
Deposits	1.80	-	-	-	1.80
Reversed Repurchase Agreements	1.15	1.35	-	-	-
Financial Investments	1.55	4.25	6.30	11.75	5.50
Loans (1)	8.25	10.25	11.25	11.50	11.00
<b>Interest bearing liabilities</b>					
Members' deposits (2)	1.65	3.10	4.50	4.10	2.75
Members' voluntary shares	-	1.75	-	-	-

(1) Yields are based on book values, net of allowances for credit losses and contractual interest rates.

(2) Yields are based on contractual interest rates.

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**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

**d) Operational risk:**

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the Credit Union's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements.

The Credit Union's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to identify operational risk is assigned to the Board and management. This responsibility is supported by overall Credit Union standards for the management of operational risk in the following areas:

- (i) Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- (ii) Requirements for the appropriate segregation of duties, including the independent authorisation of transactions.
- (iii) Requirements for the reconciliation and monitoring of transactions.
- (iv) Compliance with regulatory and other legal requirements.
- (v) Documentation of controls and procedures.
- (vi) Requirements for the reporting of operational losses and proposed remedial action.
- (vii) Development of contingency plans.
- (viii) Training and professional development
- (ix) Ethical and business standards
- (x) Risk mitigation, including insurance where this is effective.

Compliance with Credit Union policies is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Supervisory Committee, senior management and the Board of Directors.

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**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

**e) Capital Management**

The Credit Union's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- (i) To comply with the capital requirements set by the League and the proposed Bank of Jamaica (BOJ) Credit Union Regulations, under which entities within the credit union movement operate;
- (ii) To safeguard the Credit Union's ability to continue as a going concern so that it can continue to provide returns for members and benefits for other stakeholders;
- (iii) To maintain a strong capital base to support the development of its business; and
- (iv) To maintain the members' confidence in the safety and viability of the Credit Union.

Capital adequacy and the use of regulatory capital are monitored by the Credit Union's management, based on the guidelines in its Capital Management Policy.

The League currently requires member credit unions to maintain a minimum level of institutional capital at 8% of total assets. The proposed Bank of Jamaica regulations require the League to ensure that member Credit Unions:

- (i) Hold a minimum level of the regulatory capital of 6% of total assets; and
- (ii) Maintain a ratio of total regulatory capital to risk-weighted assets at or above 10%.
- (iii) At least twenty percent (20%) of net income must be transferred to Institutional Capital at the end of each financial year before any appropriation of surplus.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of, and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-statement of financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses.

In determining the Credit Union's capital base (Institutional Capital), the Institutional Capital of the acquired Credit Union, (see below) was included. As at the date of transfer of engagements/amalgamations, the relevant Credit Union had Institutional Capital as stated below which comprised the following balance:

	<u>Merger Date</u>	<u>Statutory Reserve</u>
Hanover Co-Operative Credit Union Limited	2017	<u>100,689,871</u>

All League and Bank of Jamaica regulatory capital requirements were met during the year ended 31st December 2020.

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**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

**f) Fair Value of Financial Instruments**

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. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists, as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a number of financial assets and liabilities held and issued by the Credit Union. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the statement of financial position date.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates.

The following methods and assumptions have been used:

- (a) Financial investments classified as fair value through profit or loss are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques. Unquoted equities are measured at historical cost less impairment, as their fair values cannot be reliably determined;
- (b) Financial investments classified that are held-to-maturity are measured at amortised cost with a carrying value of \$868,735,989 (2019 \$543,740,528).
- (c) The fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets, with the exception of unquoted equities and the short-term elements of all other financial assets and financial liabilities;
- (d) The fair value of members' deposits with no specific maturity is assumed to be the amount payable on demand at the statement of financial position date;
- (e) The estimated fair values of the off-statement of financial position financial instruments are based on market prices for similar facilities. When this information is not available, fair value is estimated using discounted cash flow analysis;
- (f) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts;
- (g) The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. For match-funded loans, the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, as the impact of credit risk is recognised separately by deducting the amount of the provisions for credit losses from both book and fair values.

Financial instruments that are measured in the statement of financial position at fair value are grouped based on the degree to which their fair value is observable:

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**4. Financial Instruments and Financial Instruments Risk Management (Cont'd):**

f) **Fair Value of Financial Instruments Cont'd:**

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. 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 is the current bid price. These instruments are grouped in Level 1;
- 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). The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximize 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; 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). If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following table presents the Credit Union's financial assets that are measured at fair value at 31 December:

	<b>2020</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Available for sale-				
Unquoted equities	-	-	172,181,711	172,181,711
Quoted equities	42,615,614	-	-	42,615,614
Fixed and other deposits	-	868,735,989	-	868,735,989
	<u>42,615,614</u>	<u>868,735,989</u>	<u>172,181,711</u>	<u>1,083,533,314</u>
	<b>2019</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Available for sale-				
Unquoted equities	-	-	34,498,417	34,498,417
Quoted equities	53,084,537	-	-	53,084,537
Fixed and other deposits	-	543,740,528	-	543,740,528
	<u>53,084,537</u>	<u>543,740,528</u>	<u>34,498,417</u>	<u>631,323,482</u>

There were no transfers between levels 1 and 2 during the year. There are no revalued financial assets grouped in level 3.

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**5. Earning Assets-Liquid Assets:**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Savings Account Balances & Demand Deposits	576,534,899	550,458,695
<u>Short Term Investments</u>		
Other Financial Institutions	<u>483,427,309</u>	<u>825,739,020</u>
	<u><u>1,059,962,208</u></u>	<u><u>1,376,197,715</u></u>

**6. Loan to Members:**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Balance at Beginning of Year	5,590,228,551	4,918,347,417
Loans Granted	<u>2,340,000,000</u>	<u>2,758,600,000</u>
	7,930,228,551	7,676,947,417
Less Repayments and Transfers	<u>(1,733,661,147)</u>	<u>(2,086,718,866)</u>
	6,196,567,404	5,590,228,551
Less Provision for Loan Impairment	<u>(121,014,287)</u>	<u>(95,444,062)</u>
	6,075,553,117	5,494,784,489
Add Interest Receivable	<u>112,634,620</u>	<u>40,740,934</u>
Balance at End of Year	<u><u>6,188,187,737</u></u>	<u><u>5,535,525,423</u></u>

**7. Provision for Loan Impairment:**

(a) The movement in the provision for loan impairment determined under the requirements of IFRS is as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Balance, January 1	95,444,062	90,683,578
Increase in ECL Provision for the year	77,183,238	21,000,000
Charged off Loans	<u>(51,613,013)</u>	<u>(16,239,516)</u>
Allowance for Expected Credit Loss (IFRS 9)	121,014,287	95,444,062
JCCUL regulatory requirement (Note b)	<u>(62,610,794)</u>	<u>(45,611,145)</u>
	<u><u>58,403,493</u></u>	<u><u>49,832,917</u></u>

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**7. Provision for Loan Impairment Cont'd:**

(b) Net Movement on Loan Impairment Provision

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Additional amounts provided for during the year (IFRS)		
Charged to Statement of Comprehensive Income	<u>77,183,238</u>	<u>21,000,000</u>

Provision for loan losses determined under JCCUL Regulatory requirements is as follows:

Number of Months in Arrears	Number of Loans	Delinquent Loans	2020			
			Provision Rate	Savings Held Against Loans	Exposure	Loan Loss Provision
Less than 2	49	49,135,752	-	466,491	48,669,261	-
2 to 3	28	31,699,073	10	532,800	31,166,273	3,169,907
3 to 6	59	45,340,655	30	663,672	44,676,983	13,602,196
6 to 12	102	65,476,892	60	1,091,368	64,385,524	39,286,135
Over 12	<u>14</u>	<u>6,552,556</u>	100	<u>404,525</u>	<u>6,148,031</u>	<u>6,552,556</u>
	<u>252</u>	<u>198,204,927</u>		<u>3,158,856</u>	<u>195,046,071</u>	<u>62,610,794</u>

Number of Months in Arrears	Number of Loans	Delinquent Loans	2019			
			Provision Rate	Savings Held Against Loans	Exposure	Loan Loss Provision
Less than 2	82	80,460,329	-	14,772,144	65,688,185	-
2 to 3	43	27,475,435	10	4,883,356	22,592,079	2,747,543
3 to 6	53	42,451,972	30	5,987,554	36,464,418	12,735,592
6 to 12	78	36,086,969	60	3,517,332	32,569,637	21,652,181
Over 12	<u>29</u>	<u>8,475,829</u>	100	<u>441,130</u>	<u>8,034,698</u>	<u>8,475,829</u>
	<u>285</u>	<u>194,950,533</u>		<u>29,601,515</u>	<u>165,349,018</u>	<u>45,611,145</u>

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**8. Financial Investments:**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<u>Fair value through other comprehensive income</u>		
Unquoted Equities		
(a) Jamaica Co-operative Credit Union League Ltd	9,074,411	9,437,426
(b) Quality Network Co-operative Limited (QNET)	2,701,589	2,335,771
(c) Credit Union Fund Management Company Limited	17,105,223	16,725,220
(d) First Heritage Co-operative Credit Union Limited	2,500	-
Quoted Equities		
Other - Sagicor Real Estates	42,302,026	52,770,949
-Sagicor Sigma	80,995,962	82,521,265
- Communities & Workers of Jamaica Credit Union Ltd	20,000,000	-
Central Strategic Service	5,000,000	5,000,000
Jamaica Co-operative Insurance Agency	1,000,000	1,000,000
	<u>178,181,711</u>	<u>169,790,631</u>
<u>Fair value through profit or loss</u>		
<u>Quoted Equities</u>		
Jamaica Money Market Brokers Limited	203,847	203,847
Mayberry Investments Limited	109,741	109,741
	<u>313,588</u>	<u>313,588</u>
<u>Amortised cost</u>		
Placement with Other Financial Institutions	736,217,048	411,221,587
Government of Jamaica Securities	132,518,941	132,518,941
	<u>868,735,989</u>	<u>543,740,528</u>
Less: Allowance for expected credit losses under IFRS 9	<u>(13,203,781)</u>	<u>(14,192,082)</u>
	<u>1,034,027,507</u>	<u>699,652,665</u>

- (a) Unquoted equities represents shares held in the League. A minimum of 1,000,000 shares with a par value of \$1.00 each must be held with the league for the Credit Union to retain membership status.
- (b) The unquoted equity investment in Quality Network Co-operative Limited represents 2.7% of the issued ordinary share capital of the company.
- (c) The rules of the League stipulate that the Credit Union must invest 5% of the net increase in the members' share accounts in the League's mortgage fund instruments. These investments are used to secure joint mortgage facilities, which are extended to the members of the Credit Union.
- (d) The unquoted equity investment in First Heritage Co-operative Credit Union Limited represents permanent shares, allowing Gateway CCU Limited to invest funds with the Credit Union.

**9 Cash and Cash Equivalents**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Current Accounts	27,579,225	42,284,069
Cash in hand	88,371,871	52,930,146
	<u>115,951,096</u>	<u>95,214,215</u>

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**10 Other Receivables & Prepayments**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Other Receivables	33,842,998	40,859,280
Prepayments	<u>30,843,760</u>	<u>13,210,087</u>
	<u>64,686,758</u>	<u>54,069,367</u>

**11 Intangible Assets**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
At Cost:		
1st January	24,292,148	20,214,649
Additions	54,911,825	4,077,499
Disposal	<u>(20,214,649)</u>	<u>-</u>
31st December	<u>58,989,324</u>	<u>24,292,148</u>
<b><u>Accumulated Amortisation:</u></b>		
1st January	17,473,321	14,731,994
Charge for the year	6,600,384	2,741,327
Disposal	<u>(19,757,760)</u>	<u>-</u>
31st December	<u>4,315,945</u>	<u>17,473,321</u>
Net Book Value	<u>54,673,379</u>	<u>6,818,827</u>

Intangible assets comprise computer accounting software acquired by the Credit Union and implementation costs of this software. The cost is amortised over the expected useful life of these assets which is estimated by management to be three years.

**12 Lease Right-of-Use-Assets**

	<b>Building</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b><u>Cost</u></b>		
31st December 2019	-	-
Additions of new lease contracts	<u>13,246,266</u>	<u>13,246,266</u>
31st December 2020	13,246,266	13,246,266
<b><u>Accumulated Depreciation</u></b>		
31st December 2019	-	-
Charge for the year	<u>3,257,676</u>	<u>3,257,676</u>
31st December 2020	3,257,676	3,257,676
<b>Net Book Value</b>		
	<u>9,988,590</u>	<u>9,988,590</u>
<b>31st December 2020</b>	<u>9,988,590</u>	<u>9,988,590</u>
<b>31st December 2019</b>	<u>-</u>	<u>-</u>

Right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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**13. Property, Plant & Equipment:**

	<b>Land</b> <b>\$</b>	<b>Buildings &amp; Infrastructure</b> <b>\$</b>	<b>Machinery &amp; Office Equipment</b> <b>\$</b>	<b>Computer Equipment</b> <b>\$</b>	<b>Furniture &amp; Fixtures</b> <b>\$</b>	<b>Total</b> <b>\$</b>
<b><u>At Cost or Valuation:</u></b>						
31st December 2018	199,283,693	329,777,804	38,376,137	43,510,766	5,025,391	615,973,790
Additions <sup>1</sup>	-	-	4,880,355	9,121,668	1,482,250	15,484,273
Revaluation Adjustment	-	-	(136,564)	136,564	-	-
Disposal/Write Off	-	-	(519,546)	(364,622.00)	(45,694)	(929,862)
31st December 2019	199,283,693	329,777,804	42,600,382	52,404,376	6,461,947	630,528,201
Additions	-	44,592,833	15,289,776	6,895,318	3,559,901	70,337,828
Disposal/Write Off	(122,681,783)	(78,114,843)	(2,132,662)	-	(378,107)	(203,307,395)
31st December 2020	<u>76,601,910</u>	<u>296,255,794</u>	<u>55,757,496</u>	<u>59,299,694</u>	<u>9,643,741</u>	<u>497,558,634</u>
<b><u>Depreciation:</u></b>						
31st December 2018	-	16,500,700	18,612,176	18,455,331	1,244,764	54,812,971
Charge for year	-	8,291,577	4,939,761	9,973,333	752,063	23,956,734
Reclassification	-	-	(8,470)	8,470	-	-
Disposal/Write Off	-	-	(480,113)	(85,079)	(15,231)	(580,423)
31st December 2019	-	24,792,277	23,063,354	28,352,055	1,981,596.00	78,189,282
Charge for year	-	7,809,838	2,537,775	8,905,286	887,927	20,140,826
Disposal/Write Off	-	(7,333,333)	(940,476)	-	(133,678)	(8,407,487)
31st December 2020	-	<u>25,268,782</u>	<u>24,660,653</u>	<u>37,257,341</u>	<u>2,735,845</u>	<u>89,922,621</u>
<b><u>Net Book Value:</u></b>						
31st December 2020	<u><b>76,601,910</b></u>	<u><b>270,987,012</b></u>	<u><b>31,096,843</b></u>	<u><b>22,042,353</b></u>	<u><b>6,907,896</b></u>	<u><b>407,636,013</b></u>
31st December 2019	-	<u>304,985,527</u>	<u>19,537,028</u>	<u>24,052,321</u>	<u>4,480,351</u>	<u>552,338,919</u>
31st December 2018	-	<u>313,277,104</u>	<u>19,763,961</u>	<u>25,055,435</u>	<u>3,780,627</u>	<u>561,160,819</u>

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**14. Retirement Benefit Assets:**

The Credit Union participates in a multi-employer defined pension plan. The pension plan is generally funded by payments from employees and the Credit Union, taking into account the recommendation of independent qualified actuaries. A defined benefit plan is a pension plan that defines the amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service and compensation.

The following represents the Credit Union's share of amounts allocated to participating credit unions:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Fair value of plan assets	363,737,000	329,617,000
Present value of funded obligations	<u>(300,290,000)</u>	<u>(270,909,000)</u>
<b>Asset in the statement of financial position</b>	<b><u>63,447,000</u></b>	<b><u>58,708,000</u></b>

The movement in the fair value of plan assets during the year was as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
At beginning of year	329,617,000	286,033,000
Re-measurements on plan assets	(4,024,000)	8,640,000
Employer contributions	7,950,000	8,588,000
Employee contributions	9,533,000	10,055,000
Interest income	25,294,000	20,596,000
Administrative expenses	(2,429,000)	(2,072,000)
Benefits paid	<u>(2,204,000)</u>	<u>(2,223,000)</u>
At end of year	<b><u>363,737,000</u></b>	<b><u>329,617,000</u></b>

The movement in the present value of the defined benefit obligation during the year was as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
At beginning of year	<u>270,909,000</u>	<u>239,775,000</u>
Current service cost	9,403,000	8,653,000
Interest cost	<u>20,593,000</u>	<u>17,058,000</u>
	29,996,000	25,711,000
Re-measurements-		
Actuarial(gain)/loss from change in financial assumptions	(3,347,000)	(14,060,000)
Actuarial loss from change in demographic assumptions	-	765,000
Actuarial (gain)/loss -experience adjustments	<u>(4,597,000)</u>	<u>10,886,000</u>
Experience loss	(7,944,000)	(2,409,000)
Employee's Contribution	9,533,000	10,055,000
Benefits paid	<u>(2,204,000)</u>	<u>(2,223,000)</u>
At end of year	<b><u>300,290,000</u></b>	<b><u>270,909,000</u></b>

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**14. Retirement Benefit Assets Cont'd:**

The amounts recognised in the statement of comprehensive income are as follows:

	<b>2020</b>	<b>2019</b>
	<b>₹</b>	<b>₹</b>
Included in administrative expenses-		
Current service cost	9,403,000	8,653,000
Interest cost	20,593,000	17,058,000
Interest income on plan	(25,294,000)	(20,596,000)
Administrative expense	<u>2,429,000</u>	<u>2,072,000</u>
Staff costs	<u>7,131,000</u>	<u>7,187,000</u>
Included in other comprehensive income (OCI)-		
Actuarial loss on obligation	(7,944,000)	(2,409,000)
Actuarial loss (gain) on plan assets	<u>4,024,000</u>	<u>(8,640,000)</u>
Total components of defined benefit cost recorded in OCI	<u>(3,920,000)</u>	<u>(11,049,000)</u>
Defined benefit cost	<u>3,211,000</u>	<u>(3,862,000)</u>

**Expected contributions to the plan for the year ending 31st December 2021 amount to \$7,810,000 which is based on contribution rate of 8% Pensionable Salaries.**

Movement in the pension asset recognised in the statement of financial position:

	<b>2020</b>	<b>2019</b>
	<b>₹</b>	
At beginning of year	58,708,000	46,258,000
Amounts recognised in the statement of comprehensive income	(7,131,000)	(7,187,000)
Total re-measurements included in other comprehensive income	3,920,000	11,049,000
Employers' contribution	<u>7,950,000</u>	<u>8,588,000</u>
At end of year	<u>63,447,000</u>	<u>58,708,000</u>

The principal actuarial assumptions used in valuing post-employment benefits were as follows:

	<b>2020</b>	<b>2019</b>
	<b>₹</b>	<b>₹</b>
Discount rate	9.00	7.50
Price inflation (CPI)	6.00	5.00
Pension increases	4.50	3.00
Future salary increases	<u>6.50</u>	<u>5.00</u>

Post-employment mortality for active members and mortality for pensioners and deferred pensioners is based on the 1983 Credit Union Annuity Mortality (sex differentiated rates).

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**14. Retirement Benefit Assets Cont'd:**

The distribution of plan assets was as follows:

	<b>2020</b>		<b>2019</b>	
	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$</b>
Quoted equities	20.35	74,029	24.28	80,043
Local Registered Stocks	-	-	8.81	29,041
Unit Trusts	4.22	15,350		
Real Estate investment trust	1.09	3,967	1.05	3,447
Government of Jamaica bonds	31.29	113,811	33.37	109,993
Repurchase agreements	2.07	7,526	4.35	14,325
US\$ bonds	15.81	57,499	4.70	15,498
Investment properties	24.26	88,225	22.27	73,411
US Certificate of deposit	2.88	10,487	2.86	9,429
Other	-1.97	(7,157)	3.09	10,195
		<u>363,737</u>		<u>345,382</u>

The five year trend for the fair value of plan assets, the defined benefit obligations, the surplus in the pension plan, and experience adjustments for plan assets and liabilities were a

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Fair Value of Plan Assets	-	257,346	286,031	329,616	363,737
Defined Benefit Obligation	-	195,014	239,774	270,909	300,290
Surplus	-	<u>62,332</u>	<u>46,257</u>	<u>58,707</u>	<u>63,447</u>
<b><u>Experience adjustments-</u></b>					
Fair Value of Plan Assets	-	4,559	(3,418)	8,640	(4,024)
Defined Benefit Obligation	-	<u>3,479</u>	<u>(5,916)</u>	<u>10,886</u>	<u>(4,597)</u>

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**14. Retirement Benefit Assets Cont'd:**

**Risk associated with pension plans and post-employment plans**

Through its defined benefit pension plans and post-employment medical plans, the Credit Union is exposed to a number of risks, the most significant of which are detailed below:

**Asset Volatility**

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the plan matures, the League intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds largely represent investments in Government of Jamaica securities.

**Changes in bond yields**

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

**Inflation risk**

Higher inflation will lead to higher liabilities in the event that discretionary pension increases are granted. The majority of the plan's assets are either unaffected by fixed interest bonds, meaning that an increase in inflation will reduce the surplus or create a deficit.

**Life expectancy**

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The League ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension plan. Within this framework, the League's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The League actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The League has not changed the processes used to manage its risks from previous periods. The League does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2017 consists of Government of Jamaica bonds and Investment Properties.

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**15. Members' Voluntary Shares:**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Balance at Beginning of Year	3,205,198,239	2,786,208,722
Add: Deposits during the year	2,562,934,286	1,647,333,404
Interest paid during the year (relating to prior year)	<u>66,686,674</u>	<u>65,168,167</u>
	5,834,819,199	4,498,710,293
Less: Withdrawal and transfers	<u>(2,363,974,128)</u>	<u>(1,293,512,054)</u>
	3,470,845,071	3,205,198,239
Interest accrued on Member's voluntary shares	<u>16,629,233</u>	<u>45,084,902</u>
Balance at End of Year	<u><u>3,487,474,304</u></u>	<u><u>3,250,283,141</u></u>

**16. Savings Deposits**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Movements on deposit balances during the year:		
(a) Members' Special and Fixed		
Balance at beginning of year	1,917,156,855	1,728,056,648
Arising on business combination	-	-
Add: Deposits during the year	2,721,746,555	2,621,101,309
Interest during the year	<u>40,644,753</u>	<u>44,822,845</u>
	4,679,548,163	4,393,980,802
Less: Withdrawals and transfers	<u>(2,682,104,386)</u>	<u>(2,476,823,947)</u>
	<u>1,997,443,777</u>	<u>1,917,156,855</u>
(b) Members' Ordinary Deposits		
Balance at beginning of year	1,852,567,148	1,707,942,678
Arising on business combination	-	-
Add: Deposits during the year	2,075,463,875	2,488,314,134
Interest during the year	<u>27,591,168</u>	<u>25,439,713</u>
	3,955,622,191	4,221,696,525
Less: Withdrawals and transfers	<u>(1,936,600,549)</u>	<u>(2,369,129,377)</u>
	<u>2,019,021,642</u>	<u>1,852,567,148</u>
Total Savings deposits	4,016,465,419	3,769,724,003
Interest accrued on members' deposits	<u>51,967,130</u>	<u>79,405,851</u>
	<u><u>4,068,432,549</u></u>	<u><u>3,849,129,854</u></u>

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**16. Savings Deposits Cont'd:**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
i Ordinary Members' Deposits	2,019,021,642	1,852,567,148
ii Special Savings	1,087,425,663	1,010,796,338
iii Golden Harvest Saving Plan	360,662,536	325,350,356
iv Certificate of Deposit/Fixed Deposit	376,759,721	340,759,648
v GCCU Gift Certificate	5,080	5,080
vi GCCU Partner Plan	172,590,777	240,245,433
	<u><b>4,016,465,419</b></u>	<u><b>3,769,724,003</b></u>

**i Ordinary Members' Deposit**

A regular savings account which allows members to save and withdraw as necessary. The amount in this account can be used as security for loans.

**ii Special Savings**

A range of savings account that offers a variety of terms inclusive of a minimum amount at \$500.00. Interest rates may exceed the ordinary deposit account by 5%. A member may save and withdraw as necessary and the funds maybe used as security for loans.

**iii Golden Harvest Deposits**

A savings instrument with a free decreasing term life insurance. It is designed for financial success and protection and your monthly deposit guarantee the achievement of your goal. Its insured against total and permanent disability and death. Once the contract is signed and the first deposit made, the total goal is assured.

**iv Certificate of Deposits/Fixed Deposit**

This instrument requires a minimum of \$20,000 to start and is matured/rolled over every 30-day. It has an interest tier of 1%-4% based on the amount fixed.

**v GCCU Gift Certificate**

Members are encouraged to use this option to reward their children or give gifts to friends and relatives on certain occasions. The funds are deposited in the account and a certificate is produced for the member. In cases where GCCU rewards children with Gift Certificates; the certificate is used to open their account at GCCU. It is not exchangeable.

**vi GCCU Partner Plan**

GCCU Partner Plan is similar to that of the traditional Partner Plan. A fixed amount, minimum \$500 per week, is deposited to the account on a particular day each week. A Member may select from the following options; 16, 24, 36 of 48 weeks to save. A bonus is paid at maturity.

**17. Lease Liabilities**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Lease Liabilities	<u>10,368,902</u>	<u>-</u>
Current Portion of Lease Liabilities	<u>(4,188,781)</u>	<u>-</u>

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**18. Accounts & Other payables & Accruals**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Statutory Deductions	7,803,904	10,285,755
Family Indemnity Plan	39,476,129	27,616,045
Other Payables	<u>68,228,791</u>	<u>38,293,848</u>
	115,508,824	76,195,648
Accrued Charges	<u>53,287,166</u>	<u>26,123,464</u>
	<u>168,795,990</u>	<u>102,319,112</u>

**19. Members' Permanent Share Capital:**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Balance at Beginning of Year	134,068,267	139,047,323
Add Permanent Share Capital Subscribed	5,348,000	6,478,000
Less Transfers/deductions	<u>(629,766)</u>	<u>(11,457,056)</u>
Balance at End of Year	<u>138,786,501</u>	<u>134,068,267</u>

The Credit Union has issued share capital which is not withdrawable by members but is invested as risk capital. Share Capital in the Credit Union is unlimited and represents shares of \$1.00 each invested by members. To satisfy membership, each member must maintain a minimum share capital value of \$2,000. This amount is only redeemable upon termination of membership with the credit union.

Dividend may be paid on members' share capital which is subject to the profitability of the Credit Union.

**20. Non-Institutional Capital:**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
a) Investment Property Reserves	-	75,056,662
b) Revaluation Reserve	75,056,663	-
c) Retirement Benefit Reserves	63,447,000	58,708,000
d) General Reserves	576,428	576,428
e) Share Transfer Fund	2,000,000	2,000,000
f) Fair Value Reserves	7,584,704	24,469,872
g) Accumulated Surplus	<u>81,955,783</u>	<u>55,785,451</u>
	<u>230,620,578</u>	<u>216,596,413</u>

(a) Investment Property Reserve

This reserve comprises the unrealised surplus on the periodic revaluation of the investment properties.

The Credit Union no longer has Investment Properties. All Investment Properties were reclassified to Property, Plant & Equipment as such any unrealise surplus resulting from the revaluation of Investment Properties was reclassified from Investment Property Reserve to Revaluation Reserve.

(b) Revaluation Reserve

This represents unrealise surplus resulting from the revaluation of Investment Properties later reclassified/transferred to Property, Plant & Equipment.

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**20. Non-Institutional Capital (cont'd):**

(c) Retirement Benefit Asset Reserve

This reserve was created to match the value of the retirement benefit asset of the Credit Union. Movement on reserve is dealt with as an appropriation to or from the accumulated surplus.

(d) General Reserve

The general reserve was established for the purpose of providing funding for the possible merger opportunities with other credit unions, or any other stipulated project as determined by the Board of Directors.

(e) Share Fund Transfer

The share fund transfer was established in accordance with Rule 15 of the Credit Union's rules, for the purpose of redeeming permanent shares from a member of the Credit Union.

(f) Fair Value Reserve

This reserve comprises the unrealised fair value gain on available-for-sale financial assets.

**21. Institutional Capital:**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Permanent Reserve	402,573,864	358,573,864
Business Combination Reserve	255,820,241	255,820,241
Statutory & Legal Reserves (Note 29)	<u>239,111,865</u>	<u>217,302,520</u>
	<u><u>897,505,970</u></u>	<u><u>831,696,625</u></u>

**Permanent Reserve**

Permanent reserve comprises amounts transferred from accumulated surplus, from time to time on the recommendation of the directors to assist in maintaining the capital base of the Credit Union.

**Statutory & Legal Reserves**

As required by the Co-operative Societies Act and the rules of the Credit Union, a minimum of twenty percent (20%) of the annual surplus before entrance fees, and amounts collected from entrance fees, must be transferred to this reserve.

**Business Combination Reserve**

The business combination reserve is a reserve arising on the merger of two or more co-operatives and is not available for distribution. It is being retained to maintain the capital base of the Credit Union.

**22. Interest Income**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Loan and advances	<u>645,765,098</u>	<u>631,963,934</u>
	<u>645,765,098</u>	<u>631,963,934</u>
<b>Financial Investments</b>		
Fair value through other comprehensive income	36,763,352	10,527,295
Amortised cost	16,061,909	43,906,255
Reverse repurchase agreement	8,911,470	13,774,786
Deposits and Other	<u>11,110,541</u>	<u>11,435,074</u>
	<u>72,847,272</u>	<u>79,643,410</u>
	<u><u>718,612,370</u></u>	<u><u>711,607,344</u></u>

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**23. Interest Expense**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Members' fixed deposits	10,174,476	10,429,278
Members' ordinary deposits	32,781,516	26,042,259
Members' voluntary shares	51,333,333	65,168,168
Members' other deposits	<u>38,112,341</u>	<u>33,791,020</u>
	<u>132,401,666</u>	<u>135,430,725</u>

**24. Insurance Protection**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Life Savings and Loan Protection Insurance	33,071,176	30,803,395
Golden Harvest Insurance	3,205,482	2,921,522
Security Processing	1,468,509	2,006,300
General Insurance	<u>7,136,852</u>	<u>6,899,602</u>
	<u>44,882,019</u>	<u>42,630,819</u>

**25. Other Financial Costs**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Bank Charges and Interest	2,733,993	2,377,675
Interest on Lease Liabilities	1,228,111	-
Loan Interest Expense	-	1,396,429
	<u>3,962,104</u>	<u>3,774,104</u>

**26. Fees and Other Income:**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Statement and other credit information	28,029,099	39,839,326
Gain on Foreign Exchange	7,553,121	5,357,974
(Loss)/Gain on Disposal of Property, Plant and Equipment	62,983,180	(339,739)
Other Fees	<u>78,862,982</u>	<u>41,187,962</u>
	<u>177,428,382</u>	<u>86,045,523</u>

**27. Operating Expenses:**

**Personnel Expenses:**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Employee Salaries and Wages	200,976,590	209,439,998
Other Employee Benefits	74,010,162	72,584,217
Statutory contributions	24,728,517	28,344,096
Pension Cost	<u>7,131,000</u>	<u>7,187,000</u>
	<u>306,846,269</u>	<u>317,555,311</u>

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**27. Operating Expenses (cont'd):**

**Administrative Expenses:**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Utilities	41,190,241	32,685,881
Depreciation and Amortisation	29,998,885	26,698,058
Property Expenses	19,774,254	22,071,144
Rental Expense	4,641,832	-
Auditors' remuneration	3,092,594	3,501,890
Security	11,319,856	10,285,055
Printing, Stationery and Postage	7,458,483	12,269,993
Insurance Protection (Note 24)	44,882,019	42,630,819
Legal and Other professional fees	5,876,770	7,376,690
Transportation and Communication	5,201,337	5,582,505
Awards and Donations	57,166	510,749
Miscellaneous & Other Expense (Net)	4,565,503	2,498,538
Unrecoverable General Consumption Tax	23,408,528	21,056,275
Merger Expenses	-	106,268
	<u>201,467,468</u>	<u>187,273,865</u>

**Marketing and Promotion:**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Publicity and Promotion	24,669,452	26,276,265
Public Relations	-	1,525,860
	<u>24,669,452</u>	<u>27,802,125</u>

**Representation and Affiliation:**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
League and Other Dues	34,634,064	34,057,148
Board of Directors & Committees	7,577,359	7,870,200
Annual General Meetings	4,194,193	8,142,474
Meetings/ Special Functions	1,429,849	1,949,808
	<u>47,835,465</u>	<u>52,019,630</u>

**TOTAL OPERATING EXPENSES**

<u>580,818,654</u>	<u>584,650,931</u>
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**28. Appropriations:**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Dividend on Permanent Shares	7,809,963	11,157,043
Honoraria 6%/(4%)	3,331,418	3,187,727
Permanent Reserve	44,000,000	50,000,000
Retained Earnings	644,070	15,348,396
	<u>55,785,451</u>	<u>79,693,166</u>

**29. Statutory and Legal Reserves:**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	217,302,520	205,112,456
20% Statutory Reserves	20,532,678	10,459,514
Entrance Fees	<u>1,276,667</u>	<u>1,730,550</u>
Balance at End of Year	<u>239,111,865</u>	<u>217,302,520</u>

Statutory and Legal Reserves are maintained in accordance with the provisions of the Co-operative Societies Act which requires that a minimum of 20% of Net Income be carried to a reserve fund. Upon application by a Registered Society, the Registrar may allow the required percentage to be reduced but not below 10%.

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**30. Commitments**

To meet the financial needs of members, the Credit Union enters into various irrevocable commitments.

- (a) At 31st December 2020, there were commitments of approximately \$167,430,500 (2019: \$129,254,308) in respect of loans approved, but not disbursed.
- (b) At 31st December 2020, there were no commitments in respect of educational grants approved for employees but not disbursed (2019 - \$0)

**31. Insurance**

(a) **Fidelity Insurance Coverage**

Fidelity insurance coverage was maintained during the year.

(b) **Life Savings and Loan Protection Insurance**

There were life savings and loans protection insurance during the year.

**32. Related Party Transactions and Balances**

Related parties of the Credit Union include staff members, committee members and the Board of Directors.

- (a) At year end, staff members and key management of the Credit Union (and their families) maintained the following balances with the Credit Union:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<u>Directors and Committee Members-</u>		
Shares and savings	33,762,825	26,934,118
Loans, including interest	<u>96,538,478</u>	<u>49,394,151</u>
<u>Staff Members-</u>		
Shares and savings	57,458,748	69,875,536
Loans, including interest	<u>218,478,414</u>	<u>226,671,508</u>
<u>Family members of key management-</u>		
Shares and savings	29,585,301	37,213,672
Loans, including interest	<u>29,148,660</u>	<u>73,958,854</u>

During the year, no related parties received loans which necessitated waivers. Loans owing by directors, committee members and staff members were being repaid in accordance with their loan agreements.

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - CONT'D**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**  
**(Expressed in Jamaican Dollars unless otherwise stated)**

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**32. Related Party Transactions and Balances-Cont'd**

**(b) Purchase of goods**

The supplier who supply the on-site staff canteen with goods is no longer a committee member of the credit union.

**(c) Key management compensation**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Salaries and other short-term employee benefits	72,281,257	66,728,733
Post-employment benefits	3,831,393	3,424,522
	<u>76,112,650</u>	<u>70,153,255</u>

**33. Comparison of Ledger Balances**

	<b>Share Capital</b>	<b>Voluntary Shares</b>	<b>Deposits</b>	<b>Loans</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance as per General Ledger	138,786,501	3,487,474,304	4,016,465,419	6,196,567,404
Balance as per Members Ledger	138,786,501	3,487,474,304	4,016,465,419	6,196,567,404
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

These balances do not include interest accrued and impairment provisions.

**34. Comparative Information:**

Where necessary, comparative figures have been re-classified to conform with changes in presentation in the current year.

**35. Contingent Liabilities:**

As at 31st December 2020 there were no claim pending against the Credit Union:

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - CONT'D**  
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**36. Restatement Business Combination:**

Effective January 1, 2017, Montego Co-operative Credit Union Limited (MCCU) and Hanover Co-operative Credit Union Limited (HCCU) merged to form Gateway Co-operative Credit Union (2017) Limited (GCCU). In accordance with IFRS 3- *Business Combinations*, the transaction was deemed to be a reverse acquisition. In reverse acquisitions, the legal acquirer, GCCU is not deemed to be the acquirer for accounting purposes, and one of the previously existing entities being deemed the acquirer. MCCU was identified as the acquirer as prescribed by IFRS 3 qualifying factors. The then members of both MCCU and HCCU became members of GCCU, through the issue of shares by GCCU. As MCCU was deemed to be the acquirer, the value ascribed to the shares issued to the legacy HCCU members was determined by reference to the fair value of the equity in HCCU at acquisition date that was given up by the legacy HCCU members, to obtain the equity received in MCCU. The value so determined was \$38,034,192. There was no goodwill or negative goodwill arising on the acquisition, and any difference between the fair value of the net assets acquired and deemed value for the shares issued, was credited to the retained earnings reserve in equity.

Details of net assets acquired and net cash outlay on acquisition are as follows:

	<b><u>HCCU</u></b>
	<b>\$</b>
Liquid Assets	361,121,238
Loans to Members after Provision for Impairment	1,130,488,197
Financial Investments	59,617,752
Cash and Cash Equivalents	23,048,976
Other Receivables & Prepayments	911,161
Property, Plant and Equipment	442,606,332 *
Retirement Benefit Asset	18,602,000
Members' Voluntary Shares	(833,765,622)
Members' Saving Deposits	(784,019,167)
Borrowing	(89,936,939)
Accounts Payable	<u>(32,335,364)</u>
	296,338,564
Members' Permanent Share Capital	<u>38,034,192</u>
Business Combination Reserve	<u><u>255,820,241</u></u>
<b><u>Cash Acquired</u></b>	
Liquid Assets - Non-Earning	361,121,238
Liquid Assets - Earning	<u>23,048,976</u>
	<u><u>384,170,214</u></u>

This item has been restated to for adjustments to the fair value of certain Property, Plant and Equipment on acquisition.

**GATEWAY CO-OPERATIVE CREDIT UNION (2017) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS - CONT'D**  
**FOR THE YEAR ENDED 31ST DECEMBER 2020**  
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**37. Impact of the Novel Coronavirus (COVID 19)**

The Novel Coronavirus developed rapidly during the 2020 Financial Year, with significant increases in case numbers. Measures implemented by various governments to curtail the virus have affected economic activities and businesses globally.

The Jamaican economy has been adversely impacted, with the tourism sector being hit the hardest.

Approximately twenty-five percent of the Credit Union's \$6 billion dollar loan portfolio is representative of amounts recoverable from members within the tourism sector.

In an effort to monitor, minimise and mitigate against the impact of COVID 19, the Credit Union's team of management proactively implemented the following measures;

1. Twelve months moratorium (Payment holiday);
2. Waiver of all late charges for three (3) months;
3. Penalty breaks on all Partner Plan savings deposit;
4. Waiver of transfer fees (internal) from Share accounts to main deposits;
5. Lifting of five (5) days hold on cheque;
6. Cost reduction strategies.

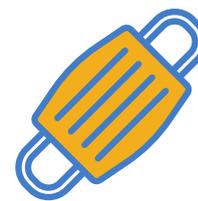
The effects of the twelve months moratorium, provided a cushion for members as it relates to their financial burden. However, this resulted in a decline of the Credit Union's cash inflow and an increase in the loan interest receivables of 166%, moving from \$40,740,934 as at December 31, 2019 to \$112,634,620 as at December 31, 2020.

The Credit Union's delinquency portfolio increased by two percent (2%) moving from \$194,950,533 as at December 31, 2019 to \$198,204,927 as at December 31, 2020.

As a result of the increased credit exposure, the forward looking characteristics within the Credit Union's expected credit loss model were amended, taking into account any significant increase in credit risk. The Credit Union recognised expected credit loss provision of \$77,183,238 in the 2020 financial year in comparison to \$21,000,000 in 2019.

The Credit Union during the 2020 financial year charged off \$51,613,013 of its loan balances.

In light of the COVID 19 pandemic, the Credit Union has managed to maintain profitability, with a ninety-six percent (96%) increase in net income for the 2020 financial year when compared to 2019. The entity has also managed to remain liquid, with current ratio of 5.6, indicative that the entity is able to meet the obligations of its current liabilities if they should become due now.



## NATIONAL ANTHEM

ETERNAL FATHER BLESS OUR LAND,  
GUARD US WITH THY MIGHTY HAND,  
KEEP US FREE FROM EVIL POWERS,  
BE OUR LIGHT THROUGH COUNTLESS HOURS.  
TO OUR LEADERS, GREAT DEFENDER,  
GRANT TRUE WISDOM FROM ABOVE.  
JUSTICE, TRUTH BE OURS FOREVER,

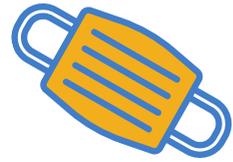
JAMAICA, LAND WE LOVE.  
JAMAICA, JAMAICA, JAMAICA LAND WE LOVE.

TEACH US TRUE RESPECT FOR ALL,  
STIR RESPONSE TO DUTY'S CALL, STRENGTHEN US THE WEAK TO CHERISH,  
GIVE US VISION LEST WE PERISH.  
KNOWLEDGE SEND US HEAVENLY FATHER,  
GRANT TRUE WISDOM FROM ABOVE.  
JUSTICE, TRUTH BE OURS FOREVER,

JAMAICA, LAND WE LOVE.  
JAMAICA, JAMAICA, JAMAICA LAND WE LOVE.



***SOLIDITY AMIDST ADVERSITY.....***



## PRAYER OF ST. FRANCIS OF ASSISI

Lord, make me an instrument of your peace;  
where there is hatred, let me sow love;  
where there is injury, pardon;  
where there is doubt, faith;  
where there is despair, hope;  
where there is darkness, light;  
and where there is sadness, joy.

O Divine Master, grant that I  
may not so much seek to be consoled as to console;  
to be understood, as to understand;  
to be loved, as to love;  
for it is in giving that we receive,  
it is in pardoning that we are pardoned,  
and it is in dying that we are born to Eternal Life.

AMEN.



**SOLIDITY AMIDST ADVERSITY.....**



*Our locations:*

- Head Office: 20 Church Street, Montego Bay. St James

*Branches:*

- Unit 14, the Marketplace, Fairview Estate. Montego Bay. St. James
- Main Street, Lucea, Hanover
- 2-4 Duke Street, Falmouth Trelawny