

LA INMACULADA CREDIT UNION LIMITED

FINANCIAL STATEMENTS

31ST MARCH 2018

LA INMACULADA CREDIT UNION LIMITED

FINANCIAL STATEMENTS  
31ST MARCH 2018

INDEX

	Page
Report of the independent auditor to the Board of Directors and Members	1 - 3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 - 27



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Page 1

## REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD OF DIRECTORS AND MEMBERS OF LA INMACULADA CREDIT UNION LIMITED

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### *Qualified Opinion*

We have audited the accompanying financial statements of La Inmaculada Credit Union Limited which comprise the statement of financial position as at 31<sup>st</sup> March 2018 and the statement of comprehensive income, statements of changes in equity and cash flows for the year then ended, and summary of significant accounting policies and other explanatory notes.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of La Inmaculada Credit Union Limited at 31st March 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### *Basis for Qualified Opinion*

The Credit Union complies with the CUA Requirement No. 1/2013 and No. 2/2013 as issued by the regulator/registrar of credit unions, the Central Bank of Belize with regards to the provisioning for loan losses. The Credit Union's information system and industry data in Belize does not provide sufficient data to be able to approximate the impairment losses based on IFRS 9. As such, we were unable to obtain sufficient audit evidence to assess whether the loan loss provision would be materially different from the IFRS 9, Expected Credit Losses (ECL) model.

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 La Inmaculada Credit Union Limited in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Belize, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

*Emphasis of Matter*

The auditor's opinion dated 27<sup>th</sup> June 2018 has been amended to delete the Key Audit Matters paragraph as the circumstances which led to that disclosure have been rectified. Refer to note 29.

*Responsibility of Management and the Directors for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors 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 is 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 statement 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 statement, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Credit Union to express an opinion on the financial statement. We are responsible for the direction, supervision and performance of the Credit Union audit. We remain solely responsible for our audit opinion.

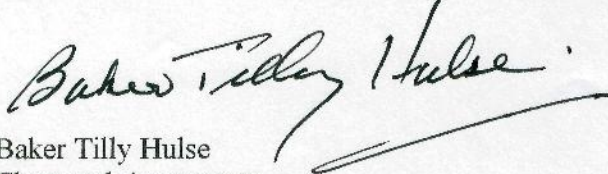
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

*Report on Other Legal and Regulatory Requirements*

In our opinion, the financial statements present fairly, in all material respects, the financial position of La Inmaculada Credit Union Limited as at 31<sup>st</sup> March 2018 and of its financial performance and cash flows for the year then ended in compliance with the Credit Union Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011.

The engagement partner on the audit resulting in this independent auditor's report is Mark C. Hulse.

  
Baker Tilly Hulse  
Chartered Accountant  
11<sup>th</sup> October 2018

Belize City,  
Belize, C.A.

STATEMENT OF FINANCIAL POSITION  
31ST MARCH 2018

All amounts expressed in Belize dollars

	Notes	2018	Restated 2017
<b>Assets:</b>			
Cash and cash equivalents	2, 3	12,979,045	9,481,888
Investments	2, 3, 4	4,369,229	4,329,148
Inventory	2, 5	3,965	237
Members' loans receivable	2, 6	57,298,851	57,950,618
Less: loan loss provisions	2, 6, 7	(4,308,299)	(3,401,226)
Other receivables and prepayments	2, 7	733,519	88,989
Property and equipment	2, 8	1,529,484	1,555,774
<b>Total assets</b>		<u>72,605,794</u>	<u>70,005,428</u>
<b>Liabilities:</b>			
Members' deposits	2, 9	6,677,539	6,092,836
Shares - non-mandatory	2, 10	49,855,218	48,452,760
Accounts payable and accruals	2, 11	420,846	1,540,013
Mortgage insurance escrow payable	2, 12	178,082	138,227
Membership scheme - Sunrise to Sunset fund	2, 13	1,365,333	1,174,204
Membership scheme - Life savings and loan protection	2, 14	1,369,279	1,109,679
Long term debt	2, 15	1,433,056	2,097,083
Severance payable	2, 16	266,384	254,743
<b>Total liabilities</b>		<u>61,565,737</u>	<u>60,859,545</u>
<b>NET ASSETS</b>		<u>11,040,057</u>	<u>9,145,883</u>
<b>Members' equity (page 8):</b>			
Shares - mandatory	2	134,215	129,205
Revaluation reserves	2	77,376	77,376
Guaranty fund	2	7,445,898	7,070,470
Undivided earnings		3,382,568	1,868,832
<b>MEMBERS' EQUITY</b>		<u>11,040,057</u>	<u>9,145,883</u>

Approved on behalf of the Board

 Director

 Director

Auditor's report pages 1 - 3.

The notes on pages 9 - 27 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME  
 YEAR ENDED 31ST MARCH 2018

All amounts expressed in Belize dollars

	Notes	2018	Restated 2017
<b>INCOME:</b>			
Interest income:			
Interest income	2, 17	7,599,031	6,599,770
Less: Interest expense	2, 17	<u>(26,688)</u>	<u>(26,626)</u>
<b>NET INTEREST INCOME</b>		<b>7,572,343</b>	<b>6,573,144</b>
Fee and commission income	2, 18	879,763	967,401
Other operating income	2, 19	<u>54,539</u>	<u>70,761</u>
<b>OPERATING INCOME</b>		<b>8,506,645</b>	<b>7,611,306</b>
Provision for losses	2, 20	(1,226,255)	(1,915,389)
Other operating expenses	2, 21	<u>(3,547,597)</u>	<u>(3,221,759)</u>
<b>NET INCOME FOR THE YEAR</b>		<b><u>3,732,794</u></b>	<b><u>2,474,158</u></b>

The notes on pages 9 - 27 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 31ST MARCH 2018

All amounts expressed in Belize dollars

	2018	Restated 2017
<b>SHARES - MANDATORY</b>		
Balance at the beginning of the year	129,205	119,305
Net increase in shares	5,010	9,900
	<u>134,215</u>	<u>129,205</u>
<p>Central Bank of Belize Regulations require that member share accounts are divided into mandatory and non-mandatory shares. Mandatory shares are reflected in equity; non mandatory shares are reflected as current liabilities. The Credit Union require each member to own one mandatory share of \$5 per share. Total mandatory shares issued as of 31st March 2018 was 26,843 shares (2017 - 25,841 shares).</p>		
<b>UNDIVIDED EARNINGS</b>		
Balance at the beginning of the year	1,868,832	1,016,722
Net income for the year (page 7)	3,732,794	2,474,158
Add: Prior period adjustments	-	7,468
Less: Transfer to guaranty fund - entrance fee	(2,148)	(3,596)
Less: Transfer to guaranty fund	(373,280)	(794,364)
Less: Dividend paid	(1,843,630)	(831,556)
Balance at the end of the year	<u>3,382,568</u>	<u>1,868,832</u>
<b>REVALUATION RESERVE</b>		
The revaluation reserve constitutes surplus arising from the revaluation of fixed assets in 2003.	<u>77,376</u>	<u>77,376</u>
Balance at the beginning and end of the year	<u>77,376</u>	<u>77,376</u>
<b>OTHER RESERVES</b>		
<u>Guaranty fund</u>		
Balance at the beginning of the year	7,070,470	6,272,510
Transfers from undivided earnings	373,280	794,364
Transfers from undivided earnings - entrance fee	2,148	3,596
Balance at the end of the year	<u>7,445,898</u>	<u>7,070,470</u>
<b>TOTAL MEMBERS' EQUITY</b>	<u>11,040,057</u>	<u>9,145,883</u>

The notes on pages 9 - 27 form an integral part of these financial statements.



STATEMENT OF CASH FLOWS  
YEAR ENDED 31ST MARCH 2018

All amounts expressed in Belize dollars

	Notes	2018	Restated 2017
<b>Cash flow from operating activities:</b>			
Net income for the year (page 6)		3,732,794	2,474,158
Adjustments for items not affecting operating cash:			
Depreciation expense		103,621	96,452
Loss on disposal		2,820	-
Prior period errors		-	7,468
Provision for loan losses		1,226,255	1,915,389
Write off of loans receivable (net)		(319,182)	-
Operating profit before working capital changes		4,746,308	4,493,467
Changes in working capital - add / (deduct)			
Decrease / (increase) in members loans receivable		651,767	(6,886,062)
(Increase) / decrease in other receivables and prepayments		(644,530)	64,072
(Increase) / decrease in inventory		(3,728)	2,471
Increase in members' deposits		584,703	807,441
Increase in non-mandatory shares		1,402,458	3,736,835
(Decrease) / increase in accounts payable and accruals		(1,119,167)	890,883
Increase in mortgage escrow payable		39,855	41,947
Increase in member scheme - Sunrise to Sunset liability		191,129	192,620
Increase / (decrease) in severance payable		11,641	(13,845)
Increase in membership scheme - LS and LP		259,600	285,355
Net cash provided by operating activities		6,120,036	3,615,184
<b>Cash flow from investing activities:</b>			
(Increase) in fixed deposits		(40,081)	(59,803)
Proceeds from sale of property and equipment		5,700	-
Purchase of property, furniture and equipment		(85,851)	(96,678)
Net cash (used in) investing activities		(120,232)	(156,481)
<b>Cash flow from financing activities:</b>			
Increase in shares - members (mandatory)		5,010	9,900
Dividends paid		(1,843,630)	(831,556)
(Decrease) in borrowings		(664,027)	(330,063)
Net cash flow (used by) financing activities		(2,502,647)	(1,151,719)
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,497,157	2,306,984
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		9,481,889	7,174,905
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		12,979,046	9,481,889

The notes on pages 9 - 27 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31ST MARCH 2018**

All amounts expressed in Belize dollars

**1. GENERAL INFORMATION**

La Inmaculada Credit Union Limited (the "Credit Union") was incorporated on 5th June 1949 under and by virtue of the Credit Union Act, Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011. LICU currently has 26,843 (2017 - 25,841) members.

The Credit Union operates from its principal office situated at No. 5 Park Street, Orange Walk Town, Belize. Branch offices are located in Belmopan City, Cayo District. As At 31st March 2018, the Credit Union employed 44 employees.

The Credit Union promotes savings, enterprise and the cooperative principle among its members to pool members' financial resources and to provide personal and corporate banking, loans, and investments.

These financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Unless otherwise stated, monetary amounts are stated in Belize dollars. The accounting policies outlined in Note 2 have been consistently applied to all periods presented.

The Credit Union also complies with the Credit Union Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011 as reflected in its policies in Note 2.

**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS**

The significant accounting policies used in the preparation of these financial statements, including the accounting requirements prescribed by the Central Bank of Belize (CBB), are summarized below. These accounting policies conform to IFRS and the Substantive Laws of Belize with the exception of:

(1) Provisioning for loan losses is guided by the Credit Union Act Requirement No. 1/2013 and No. 2/2013 issued by the regulator/registrar, the Central Bank of Belize, instead of the Expected Credit Loss model in accordance with IFRS 9.

**2.1 General**

Use of estimates and assumptions:

In preparing the financial statements, management is required to make subjective estimates and assumptions that affect the reported amount of assets, liabilities, net income, and related disclosures. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable.

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018

All amounts expressed in Belize dollars

**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS** (continued)

**2.1 General** (continued)

Use of estimates and assumptions (continued):

Key sources of estimation uncertainty include: assessments of impairment to investments, determination of fair value of financial instruments, the allowance for credit losses, post employment benefits, and accrued liabilities. Accordingly, actual results may differ from these and other estimates thereby impacting future financial statements. Refer to the relevant accounting policies in this note 2 for details on our use of estimates and assumptions.

Significant judgements:

In preparation of these financial statements, management is required to make significant judgements that affect the carrying amounts of certain assets and liabilities, and the reported amounts of revenues and expenses recorded during the period. Significant judgements have been made in the following areas and discussed as noted in the financial statements:

Investment impairment	Note 2.3 Note 3 Note 5
Fair value of financial instruments	Note 2.3 Note 3
Allowance for credit losses	Note 2.3 Note 6
Severance payable	Note 2.4 Note 12
Other provisions	Note 2.7

Basis of Preparation:

IAS 1	Presentation of Financial Statements
IAS 7	Statement of Cash Flows
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 9	Financial Instruments: Recognition and Measurement
IAS 10	Events After the Reporting Period
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 18	Revenue
IAS 19	Employee Benefits (2011)
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 24	Related Party Disclosures
IAS 26	Accounting and Reporting by Retirement Benefit Plans
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IFRS 4	Insurance Contracts
IFRS 7	Financial Instruments: Disclosures
IFRS 9	Financial Instruments
IFRS 13	Fair Value Measurement

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**NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018**

All amounts expressed in Belize dollars

**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS (continued)****2.2 Financial instruments - recognition and measurement**Cash and cash equivalents:

Cash and cash equivalents comprises of cash balances and call deposits held with various financial institutions. All cash and cash equivalents have a term of less than 90 days in compliance with IFRS.

Investments:

Investments in debt instruments are measured at amortised cost if the debt instrument has a contractual term to issue regular cash flows of principal and interest and if the Credit Union intends to hold the investment to its contractual maturity. All other investments are initially measured at inception at fair value plus transaction costs and are subsequently measured at fair value with changes recorded through net profit and loss.

At each reporting date, management evaluates investments to determine if there is objective evidence of impairment. Such evidence includes: when an adverse effect on future cash flows from the asset or group of assets can be reliably estimated and when there is a significant or prolonged decline in the fair value of the investment below its cost. The actual amount of future cash flows and their timing may differ from the estimates used by management and consequently may cause a different conclusion as to the recognition of impairment or measurement of impairment loss.

When assessing impairment on debt instruments, such as government treasury notes, management primarily considers third party information such as external ratings and comparable sales. Significant judgement is required in assessing impairment as management is required to consider all available evidence in determining where objective evidence of impairment exists and whether the principal and interest can be fully recovered.

When the investments are disposed of or impaired, the related gains and losses are included in the statement of comprehensive income as gains and losses from investment securities. Dividends received on investments are reported as dividend income. All purchases and sales of trading and investment securities are recognized at settlement date, which is the date the Credit Union completes the transaction.

Loans receivable:

Loans are financial assets with fixed or determinable payments that are not quoted in an active market. Loans are initially recognized at fair value which is represented by the cash advanced to members. Loans are subsequently measured at principal outstanding, net of unearned interest, less provision made for impairment. Provisions for impairment (loan loss reserve) is built based on the Credit Unions Act (CUA), Chapter 314, revised Edition 2011, Requirement No. 2 / 2013. All loans are recognized when cash is advanced to borrowers.

Loans are assessed at year end for objective evidence that the loans are impaired. Evidence for impairment include indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy, and adverse changes in the payment status of the borrower.

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018

All amounts expressed in Belize dollars

**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS** (continued)

**2.2 Financial instruments - recognition and measurement** (continued)

Provision for loan losses:

As required by the Credit Unions Act (CUA), Chapter 314, Revised Edition 2011 Requirement No. 2 /2013 loans are individually assessed for losses. Provisions for impairment (loan loss reserve) is built based on the Credit Unions Act (CUA), Chapter 314, Revised Edition 2011 Requirement No. 2/2013. The loan loss reserve is increased by the impairment losses recognized and decreased by the amount of write-offs, net of recoveries. All loans are recognized when cash is advanced to borrowers.

Loans and the related loan loss reserve are written off, either partially or in full, when there is no realistic prospect of recovery. Write-offs are reduced by recoveries on property secured on the loan.

The loan loss reserve is management's best estimates, as guided by the Credit Unions Act, Chapter 314, Revised Edition 2011 Requirement No. 2 /2013 of losses incurred on the loan portfolio at the statement of financial position date. Management's judgement is required in making assumptions and estimates when calculating allowances on each loan. The underlying assumptions and estimates in management's assessment can change from period to period and may significantly affect the results of the Credit Union's operations.

Prepayments and deposits:

Prepayments and deposits are initially recognized at fair value which is represented by the original payments advanced or assets exchanged. Subsequently, prepayments and deposits are measured at the statement date using the effective interest rate method.

Members' term deposits:

Members' term deposits are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method.

Shares:

Mandatory shares are the minimum number of shares a person must have in order to be considered a member of the Credit Union. These are reflected in equity on the statement of financial position. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Non-mandatory shares are additional shares held by members of the credit union. These can be withdrawn at any time and may be used as collateral for loans by members. These are reflected as current liabilities on the statement of financial position.

Accounts payable:

Accounts payable is recognized on the accrual basis, when goods have been received or services have been rendered.

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018

All amounts expressed in Belize dollars

**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS** (continued)

**2.2 Financial instruments - recognition and measurement** (continued)

Determination of fair value:

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We determine fair value by incorporating all factors that market participants would consider in setting a price, including commonly accepted valuation approaches. Where an investment does not have an active market and observable prices or inputs are not available, management judgement is required to determine fair values by assessing other relevant sources of information such as historical data and information from similar transactions.

Borrowings:

All borrowings, including current and non-current debt, are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently remeasured using the effective interest rate method. Borrowings are classified as current liabilities unless the Credit Union has the right to defer payment for more than 12 months after the statement of financial position date.

Interest:

Interest income on loans receivable is recognized in the statement of comprehensive income at the time of collection. Interest income on term deposit investments is recorded using the effective interest rate method.

Loan application/processing/review fee revenue:

Loan application/processing and review fees on loans have been recognized as income when received. These fees are non-refundable. They are fully earned by the Credit Union at the outset on the loan application and at the time of review.

Offsetting financial assets and financial liabilities:

Financial assets and financial liabilities are offset on the statement of financial position when there exists both a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis or realize the assets and settle the liability simultaneously.

Derecognition of financial assets & liabilities:

Financial assets are derecognized on the statement of financial position when the Credit Union's contractual rights to the cash flows from the assets have expired, when the Credit Union retains the right to receive the cash flows of the assets but assume an obligation to pay those cash flows to a third party, or when the Credit Union has transferred the contractual rights to receive the cash flows to a third party.

Financial liabilities are derecognized on the statement of financial position when the Credit Union's obligation specified in the contract expires, is discharged, or is cancelled. The difference between the carrying amount of the financial liability and the consideration paid is recognized in the statement of comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018

All amounts expressed in Belize dollars

**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS** (continued)

**2.2 Financial instruments - recognition and measurement** (continued)

Rental income:

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

**2.3 Translation of foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated in Belize dollars at midday rates prevailing at the date of the statement of financial position. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognized in the statement of comprehensive income. Non-monetary assets and liabilities in foreign denominations are translated into Belize dollars at historical rates.

**2.4 Employee benefit obligations**

Termination benefit - severance:

The Credit Union has recognised termination benefits in accordance with the labour laws of Belize which states that employees with at least five years or more of continuous employment are entitled to a minimum of one week's pay for each year of service prior to May 2011 and two week's pay for each year of service subsequently.

Termination benefit - pension:

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

The Credit Union's contributions to the defined contribution plan are expensed on a monthly basis. The Credit Union's contribution and employees contribution are recorded as members deposits on a monthly basis.

**2.5 Property and equipment**

Property and equipment includes land, buildings, motor vehicles, furniture, fixtures, computer equipment, and other equipment. Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and the initial estimate of any disposal costs.

Property and equipment are carried at cost and are depreciated using the straight line method at the following rates:

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

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**NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018**

All amounts expressed in Belize dollars

**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS (continued)****2.5 Property and equipment (continued)**

Land is not amortized as the useful life cannot be estimated. Property is not amortized until it is available for use.

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

Property and equipment are assessed for indicators of impairment at each reporting date. If there is an indication that the asset may be impaired, an impairment test is performed by comparing the asset's carrying amount to its recoverable amount. The recoverable amount is the higher of the asset's value in use or fair value less costs of disposal.

**2.6 Provisions**

Provisions are liabilities of uncertain timing or amount and are recognized when the Credit Union has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured as the best estimate of the consideration required to settle the present obligation at the reporting date. Significant judgement is required to determine whether a present obligation exists and in estimating the probability, timing and amount of any cash outflows. Provisions are recorded related to litigation, future employee benefits, the allowance for off-balance sheet items and other items. Provisions are recorded on the basis of all available information at the end of the reporting period. In the event that results differ from management expectations, the Credit Union may incur expenses in excess of the provisions recognized.

**2.7 Guaranty Fund**

The Guaranty Fund is a reserve mandated by the Credit Union Act, Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011. The fund consists of at least 10% of the yearly net earnings of the Credit Union. The Guaranty Fund cannot be distributed to members

**2.8 Leasing**

A lease is an agreement in which the lessor grants the lessee the right to use an asset for an agreed upon period of time in return to a payment or series of payments. A finance lease is a lease the transfers substantially all the risk and rewards incidental to ownership of the leased asset to the lessee, where title may or may not eventually be transferred. An operating lease is a lease other than a financing lease.

**Operating leases:**

The total payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018

All amounts expressed in Belize dollars

**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS** (continued)

**2.8 Leasing** (continued)

Operating leases (continued):

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

Finance leases:

In the event that the Credit Union is a lessee in a financing lease, the leased asset is recorded to property and equipment and the related lease obligation is recorded as a liability on the statement of financial position. The amount recorded is the lower of the fair value of the leased asset and the minimum lease payments.

**2.9 FINANCIAL RISK MANAGEMENT**

By its nature the Credit Union's activities are principally related to the use of financial instruments. The Credit Union accepts cash as deposits and purchase of shares from customers and seeks to earn above average interest margins by investing these funds in high quality assets. The Credit Union seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher interest rates whilst maintaining sufficient liquidity to meet all claims that may fall due.

The Credit Union is also exposed to fraud risks, market risks, cash flow risks, and interest rate risks. The Credit Union's risk management program seeks to minimize potential adverse effects on the overall financial performance. Risk management is executed through policies approved by the Board of Directors and are executed by management who identify and evaluate risks and establish procedures to minimize risks.

Credit risk:

The Credit Union takes on exposure to credit risk which is the risk that a counterpart will be unable to pay amounts in full when due. Management structures its credit risk by placing limits on the amount of credit extended in relation to one borrower or group. This is monitored on a revolving basis and subject to annual review. Limits are also regulated by Credit Union Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2011

The Credit Union's risk management policies are designed to achieve a balance between risk and return and minimize potential adverse effects of its' financial performance. The Credit Union therefore identifies and analyses these risks, designs internal controls to set appropriate limits, and to monitor these limits through reliable and up to date information systems and reports.

Exposure to credit risk is managed through regular analysis of the borrowers ability to repay, current exposure to individual customers and the likelihood of default and the recovery ratio on any defaulted obligation. Exposure is also managed in part by obtaining marketable collateral, personal guarantees and authority for salary deductions for instalment payments.

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018

All amounts expressed in Belize dollars

**2. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGEMENTS** (continued)

**2.9 FINANCIAL RISK MANAGEMENT** (continued)

Market risk/interest rate risk:

The Credit Union is exposed to market risk, which is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in the market prices. Market risk for the Credit Union arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Credit Union's Board of Directors sets limits on the amount of risk that may be accepted, which is monitored on a daily basis and reviewed by the Board monthly.

The Credit Union takes on interest rate risk in that it pays interest on deposits and that fluctuations in interest rates may affect its capacity to on-lend at competitive rates. The Credit Union manages this risk by maintaining an adequate interest rate spread between interest paid and interest received.

The Credit Union takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

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 Credit Union manages this risk by closely monitoring customer payments, setting credit limits and by obtaining credit facilities from other sources to ensure cash availability. The Credit Union also maintains highly liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

Fraud risk:

The Credit Union is exposed to fraud risks from customers as well as employees. The Credit Union seeks to minimize these risks by internal controls, authorizations for payments, checks and balances as well as requiring valid identification documents.

**3. CARRYING VALUE AND FAIR VALUE OF SELECTED FINANCIAL INSTRUMENTS**

Management has not observed any material differences between the carrying value of financial instruments and the fair value. Fair value are computed based on quoted prices for similar instruments and directly observable market inputs with the exception of unlisted securities. Fair value of unlisted securities has been determined using other inputs such as expected future cash flows or the audited net asset value since market information and comparable sales information is not available.

NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018

All amounts expressed in Belize dollars

	2018	2017
<b>4. INVESTMENTS</b>		
Investments consist of the following:		
<u>Debt instruments (measured at amortized cost):</u>		
Belize Electricity Limited Series 2 debentures with interest rate of 9.5% per annum payable quarterly, maturity date of 31st March 2021.	-	75,000
Belize Electricity Limited Series 4 debentures with interest rate of 10% per annum payable quarterly, maturity date of 30th September 2027.	-	409,300
Belize Electricity Limited Series 7 debentures with interest rate of 6% per annum payable quarterly, maturity date of 31st March 2028.	484,300	-
Belize Electricity Limited Series 5 debentures with interest rate of 7% per annum payable quarterly, maturity date of 31st December 2024.	550,000	550,000
Belize Electricity Limited Series 6 debentures with interest rate of 6.5% per annum payable quarterly, maturity date of 31st December 2030.	773,100	773,100
Term deposit held by Belize Bank Limited with term of 12 months ending 10th May 2016. Deposits are unsecured and interest is receivable at 2% per annum.	293,345	288,442
Term deposit held by Belize Bank Limited with term of 6 months ending 13th September 2016. Deposits are unsecured and interest is receivable at 0.84% per annum.	163,723	163,723
Term deposit held by Scotiabank Belize Limited with term of 2 years ending 4th April 2016. Deposits are unsecured and interest is receivable at 2% per annum.	1,010,997	1,009,602
Term deposit held by Heritage Bank Limited with term of 6 months ending 11th September 2016. Deposits are unsecured and interest is receivable at 2% per annum.	536,193	533,558
Interest bearing deposit account held by Holy Redeemer Credit Union Limited with interest rate of 5% per annum payable quarterly.	521,125	500,791
Shares account at Holy Redeemer Credit Union Limited with dividend rate of 5% per annum.	124	124
Interest receivable on term deposits	36,322	-
Interest receivable on debenture investments	-	25,508
<b>Total investments</b>	<u>4,369,229</u>	<u>4,329,148</u>

NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018

All amounts expressed in Belize dollars

	2018	2017
<b>5. INVENTORY:</b>		
Inventory consist of the following:		
Passbooks and covers	<u>3,965</u>	<u>237</u>
<b>6. LOANS RECEIVABLE</b>		
Loans receivable consist of the following:		
Total loans before provision for loan losses	<u>57,298,851</u>	<u>57,950,618</u>
The movements in the loan loss provision for the year are as follows:		
At the beginning of the year	3,401,226	1,485,837
Provision for the year (principal) (note 20)	1,226,255	1,915,389
Write offs - net of collections	<u>(319,182)</u>	<u>-</u>
At the end of the year	<u>4,308,299</u>	<u>3,401,226</u>
Net loans receivable	<u>52,990,552</u>	<u>54,549,392</u>
<b>7. OTHER RECEIVABLES AND PREPAYMENTS</b>		
Other receivables and prepayment consist of the following:		
Accrued interest receivable	641,881	-
HBL ATM/POS Project (see below)	50,000	50,000
Member's legal fees receivable	31,660	29,876
Prepayments and other receivables	<u>9,978</u>	<u>9,113</u>
	<u>733,519</u>	<u>88,989</u>

The Credit Union has entered into a Joint Investment Agreement with the Heritage Bank Limited and five other institutions, called the ATM/POS Project. Since the formation of the new company is still in process, the initial investment is classified as other receivables and prepayment at 31st March 2018.

NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018

All amounts expressed in Belize dollars

## 8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

2018	Land, and building	Furniture & fixtures	Motor vehicle, generator, computer equipment & accessories	Total
Cost:				
At 31st March 2017	1,345,994	315,740	605,290	2,267,024
Additions	4,037	43,555	38,259	85,851
Disposals	-	-	(12,167)	(12,167)
At 31st March 2018	<u>1,350,031</u>	<u>359,295</u>	<u>631,382</u>	<u>2,340,708</u>
Accumulated Depreciation:				
At 31st March 2017	245,970	84,662	380,618	711,250
Additions	22,884	6,901	73,836	103,621
Disposals	-	-	(3,647)	(3,647)
At 31st March 2018	<u>268,854</u>	<u>91,563</u>	<u>450,807</u>	<u>811,224</u>
<b>Net Book Value at 31st March 2018</b>	<b><u>1,081,177</u></b>	<b><u>267,732</u></b>	<b><u>180,575</u></b>	<b><u>1,529,484</u></b>
<b>Net Book Value at 31st March 2017</b>	<b><u>1,100,024</u></b>	<b><u>231,078</u></b>	<b><u>224,673</u></b>	<b><u>1,555,774</u></b>

## 9. MEMBERS' DEPOSITS

Members' deposits consist of the following:

	2018	2017
Regular deposits	5,791,406	5,176,260
Term deposits	886,133	916,576
	<u>6,677,539</u>	<u>6,092,836</u>

## 10. NON-MANDATORY SHARES

Movement in non mandatory shares is as follows:

Balance at the beginning of the year	48,452,760	44,715,925
Net increase in shares	1,402,458	3,736,835
Balance at the end of the year	<u>49,855,218</u>	<u>48,452,760</u>

Central Bank of Belize Regulations require that members' share accounts are divided into mandatory and non-mandatory shares. Mandatory shares are reflected in equity; non-mandatory shares are reflected as current liabilities.

NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018

All amounts expressed in Belize dollars

	2018	2017
<b>11. ACCOUNTS PAYABLE AND ACCRUALS</b>		
Accounts payable and accruals consist of the following:		
HBL payable (ATM Settlement)	125,907	1,120,693
Taiwan ICDF Interest fees payable	-	4,095
Accrued Interest - SCRIP	7,625	7,625
Members' mortgage legal fees payable	158,042	264,400
Other accounts payable and accruals	92,293	112,177
Employee payable	-	8,488
Social Security payable	4,979	4,850
Other professional fees payable	32,000	17,685
	<u>420,846</u>	<u>1,540,013</u>

**12. MORTGAGE INSURANCE ESCROW PAYABLE**

Mortgage insurance escrow payable consist of the following:

Mortgage insurance escrow payable	<u>178,082</u>	<u>138,227</u>
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Members are expected to insure their loans for any loan over LICU's automatic loan protection of \$40,000 in order for the member to be protected against any exposed risk. Consequently, LICU assists members by collecting the monthly insurance premium to ensure their payments are made upon the renewal of their policy. Members insurance premiums are recorded as a payable until payment are made at renewal.

**13. MEMBERSHIP SCHEME - SUNRISE TO SUNSET FUND**

At the Annual General Meeting held on the 27th of May 2006, a motion was approved by the membership to create an insurance scheme. Consequently, the "Group Term Fund" was initiated whereby members make a monthly contribution of two dollars. The funds of this Membership Scheme are invested according to directives from the Board of Directors. Beneficiaries are awarded a one time funeral benefit of \$4,000. Beneficiaries of these claims can be the same as those initially indicated for the Sunrise to Sunset Scheme or as otherwise stated by member.

Balance at the beginning of the year	1,174,204	981,584
Plus: Increase for year	390,310	348,774
Less: Claims paid	(199,181)	(156,154)
Balance at end of the year	<u>1,365,333</u>	<u>1,174,204</u>

NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018

All amounts expressed in Belize dollars

14. MEMBERSHIP SCHEME - LIFE SAVINGS AND LOAN PROTECTION 2018                      2017

The Board of Directors made a decision to implement an in house Membership Scheme for Savings and Loan protection with an opening balance of \$57,129 allocated from undivided earnings approved by the Board as of January 2011. This fund offers protection for the membership for combined shares and deposits up to a maximum of \$8,000 with set percentages tiered by age; and for loans up to a maximum of \$40,000. The cost of the coverage is borne by the credit union at .55 cents per thousand on total insurable balance.

Balance at the beginning of the year	1,109,679	824,324
Plus: Net increase for year	574,637	550,538
Less: Claims paid	<u>(315,037)</u>	<u>(265,183)</u>
Balance at end of the year	<u>1,369,279</u>	<u>1,109,679</u>

15. BORROWINGS

Borrowings consist of the following:

Social Entrepreneurship Program (SEP)

In March 2013, a loan of \$1,500,000 was issued under the Social Entrepreneurship Program with a fixed annual interest rate of 4%. The loan is to be repaid in semiannual installments of \$111,111 exclusive of interest. Only \$1,000,000 has been disbursed to LICU at 31st March 2018. The loan will mature on 5th March 2020.

545,556                      659,583

Rural Credit Fund (RCF)

In March 2013, a loan of \$1,000,000 was issued under the Rural Credit Fund with an annual interest rate of 3.75%. Interest only for three years. Thereafter, quarterly installments of \$62,500 exclusive of interest. Only \$500,000 have been disbursed to LICU by 31st March 2018. The loan will mature on 31st March 2021.

187,500                      437,500

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018

All amounts expressed in Belize dollars

15. **BORROWINGS** (continued) 2018                      2017

Sugar Cane Replanting Program (SCRP)

In December 2013, a loan of \$2,000,000 was issued under the Sugar Cane Replanting Program and adjusted to \$1,500,000 with an annual interest rate of 1%. Interest only with 3 years grace period. Thereafter, annual installments of \$300,000 exclusive of interest. The loan will mature on 30th September 2021.

	700,000	1,000,000
Total Borrowing	1,433,056	2,097,083

Repayment of borrowings

Within 1 Year	709,722	757,222
2 - 5 Years	1,767,778	1,324,861
More than 5 Years	-	-

Loan covenants:

The Sugar Cane Replanting Program (SCRP), the Rural Credit Fund (RCF) and the Social Entrepreneurship Program (SEP) loan agreements require La Inmaculada Credit Union Limited to submit an audited financial statement no less than 30 days after the Credit Union's year end. The Credit Union has requested an extension and was granted the extension to submit financials once it has been completed.

16. **SEVERANCE PAYABLE**

Severance payable consists of the following:

Severance payable at beginning of year	254,743	268,588
Additions during the year	72,660	24,413
Payments during the year	(61,019)	(38,258)
Severance payable at end of year	266,384	254,743

17. **INTEREST ON MEMBERS' LOANS**

Interest income

Interest Income - personal and business loans	7,437,503	6,422,082
Interest Income - fixed deposits and BEL debentures	161,528	177,688
	7,599,031	6,599,770

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018

All amounts expressed in Belize dollars

<b>17. INTEREST ON MEMBERS' LOANS (continued)</b>	2018	2017
<u>Interest expense</u>		
Members' deposits	<u>26,688</u>	<u>26,626</u>
Net interest income	<u><u>7,572,343</u></u>	<u><u>6,573,144</u></u>
 <b>18. FEE AND COMMISSION INCOME</b>		
<u>Fee and commission income</u>		
Service Charge	594,892	766,689
Credit related fees	278,488	194,322
Commissions	<u>6,383</u>	<u>6,389</u>
	<u><u>879,763</u></u>	<u><u>967,400</u></u>
 <b>19. OTHER OPERATING INCOME</b>		
Other operating income consists of the following:		
Other income	36,908	51,863
Sale of books and covers	7,871	11,198
Rental income	<u>9,760</u>	<u>7,700</u>
	<u><u>54,539</u></u>	<u><u>70,761</u></u>
 <b>20. PROVISION FOR LOSSES</b>		
Provision for losses consists of the following:		
Provision for loan loss reserve (notes 6)	<u><u>1,226,254</u></u>	<u><u>1,915,389</u></u>
 <b>21. GENERAL AND ADMINISTRATIVE EXPENSE</b>		
General and administrative expense consists of the following:		
Advertisement and promotion	49,065	47,385
Allowances	30,939	57,165
Audit fees	52,926	39,529
ATM	5,933	24,706
Bank charges	28,179	33,300
Bond expense	-	11,250
Cash difference	(157)	1,840
Credit union week	3,394	5,998
LS/LP Premium expense	574,638	550,537

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018

All amounts expressed in Belize dollars

	2018	2017
<b>21. GENERAL AND ADMINISTRATIVE EXPENSE (continued)</b>		
Depreciation	103,621	96,452
Donations	4,536	11,646
Education	60,493	37,709
Equipment maintenance	61,484	66,124
General maintenance	72,512	73,485
General meeting	79,540	5,209
Insurance	65,679	54,218
Insurance buildings	8,078	8,078
Loan interest	40,320	73,889
Loss on disposal	2,818	-
Other	53,823	88,166
Property tax	1,059	1,674
Rent expense	36,000	39,240
Registration fee	1,000	1,000
Security service	16,710	39,905
Severance expense	73,100	24,413
Social activities	17,316	540
Social security	38,279	37,461
Staff costs	1,812,041	1,551,733
Stationeries, supplies and postage	50,061	38,681
Strategic planning expense	-	17,769
Telephone	57,427	53,578
Travel and subsistence	43,239	35,087
Utilities	60,126	57,417
Vehicle maintenance	43,418	36,575
	<u>3,547,597</u>	<u>3,221,759</u>

**22. TAXATION**

The Credit Union is licensed under the Credit Union Act, Chapter 314 of the Substantive laws of Belize, Revised Edition 2011; the Credit Union is exempted from taxes on profits, gains, interest and dividends earned.

**23. KEY MANAGEMENT COMPENSATION**

Key management compensation	<u>324,207</u>	<u>310,981</u>
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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018

All amounts expressed in Belize dollars

**24. RELATED PARTY TRANSACTIONS** 2018 2017

The Board of Directors and management have loan balances with the Credit Union which are included in the loans receivable balance on the statement of Financial position. These loans total the following as of the year end:

Assets held at year-end with related parties

<i>Officers' loans receivable</i>	213,383	443,855
<i>Employees' loans receivable</i>	549,820	551,439
	<u>763,203</u>	<u>995,294</u>

Liabilities held at year-end with related parties

<i>Officers' deposits</i>	123,544	187,928
<i>Employees' deposits</i>	268,314	226,961
	<u>391,858</u>	<u>414,889</u>

Transactions with related parties throughout the year are as follows:

<i>Officers' allowances paid</i>	72,400	43,960
<i>Interest income earned from related parties</i>	114,094	119,254
	<u>186,494</u>	<u>163,214</u>

**25. LEASE COMMITMENT**

The Credit Union leases a building from Ms. Majorie Ramnarace under an operating lease agreement. The lease agreement is for two years ending 1st May 2019. Lease payments have a fixed component of \$3,000 per month.

The future minimum lease payments under the operating lease are as follows:

Due in next fiscal year	<u>36,000</u>
	<u>36,000</u>

**26. CONTINGENT LIABILITIES**

**Legal Matters**

In the ordinary course of business, the Credit Union is subject to threatened legal actions.

The attorney's - at- law and the management of LICU is of the view that the outcome of the following litigation matters, which existed at 31st March 2018, would not have a material adverse effect on its financial position:

- i. Supreme Court Claim No. 538 of 2015, Yolanda Gomez vs. La Inmaculada Credit Union Limited and the Registrar of Credit Unions (the Governor of the Central Bank).
- ii. Supreme Court Claim No. 723 of 2015, La Inmaculada Credit Union Limited vs. Yolanda Gomez.

In the matter of the claim brought against LICU and the Governor of the Central Bank, the Board of Directors of LICU remain of the firm view that the case is without merit, and it will vigorously contest that claim. It is expected that judgement in the 2 claims will be delivered by the end of this year 2018.

NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018

All amounts expressed in Belize dollars

	2018	2017
<b>27. RECLASSIFICATION</b>		
Depreciation expense - Security systems		
<p>The 2017, financial statements have been restated to reclassify depreciation expense for security systems which is now categorized under motor vehicle, generator, computer equipment and accessories. The depreciation expense was previously categorized under furniture &amp; fixtures. The impact of the restatement is presented below. There is no effect in 2018.</p>		
		Effect on 2017
Increase in accumulated depreciation - furniture & fixture		8,553
Decrease in accum dep security systems (categorized motor vehicle, generator, computer equipment and accessories)		(8,553)
<b>28. PRIOR PERIOD ERRORS</b>		
<u>Dividends paid</u>		
<p>The 2017, financial statements have been restated to reflect dividends paid after the year-end date. There is no effect on 2018.</p>		
Increase in non-mandatory shares		(831,556)
Decrease in retained earnings		831,556
<u>Dividends paid in error</u>		
<p>The 2016, financial statements have been restated to reclassify the reversal of the dividends paid in error. There is no effect on 2018.</p>		
Increase in non-mandatory shares		(4,091)
Decrease in retained earnings		4,091
<u>Dividends paid in error</u>		
<p>The 2017, financial statements have been restated to reclassify the reversal of the dividends paid in error. There is no effect on 2018.</p>		
Increase in non-mandatory shares		(3,895)
Decrease in retained earnings		3,895

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NOTES TO THE FINANCIAL STATEMENTS  
31ST MARCH 2018

All amounts expressed in Belize dollars

	2018	2017
<b>28. PRIOR PERIOD ERRORS (continued)</b>		
Audit adjustment wrongly posted		
The 2017, financial statements have been restated to reclassify the reversal of the other income audit adjustment recorded as a debit balance. There is no effect on 2018.		
Increase in retained earnings		(518)
Decrease in accounts receivables - payroll clearing		518

**29. AMENDMENT OF FINANCIAL STATEMENTS**

Subsequent to the issuance of audited financial statements dated 27th June 2018, the financial statements have been amended to reflect a reversal of accrued interest income in the sum of \$772,173 being interest income related to loans for which provision for losses have been recognized. Also, an amount of \$373,280 has been transferred from the undivided earnings equity account being 10% of the 2018 net earnings as mandated by the Credit Union Act, Chapter 314 of the Substantive Laws, Revised Edition 2011.

La Inmaculada Credit Union obtained an actuarial valuation of its Sunrise to Sunset Scheme and Life Savings & Loan Protection Scheme dated 10th July 2018. The opinion of the actuary is the recorded policy liabilities represent a reasonable provision based on the application of actuarial techniques to the available data.

The amendment to the financial statements and the auditor's opinion was effected in accordance with International Standards on Auditing (ISA) 200 and ISA 560, Paragraphs 14 - 17 (Facts Which Become Known to the Auditor after the Financial Statements Have Been Issued).