

# BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Consolidated Financial Statements

For the year ended March 31, 2014

(Expressed in Barbados dollars)

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## 2. Accounting Policies...(continued)

### 2.3 Summary of significant accounting policies...(continued)

#### e) Financial instruments...(continued)

##### **Available-for-sale financial investments**

Available-for-sale investments include equity securities. Equity securities classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently re-measured at fair value based on quoted bid prices or amounts derived from approved valuation models. Unrealised gains and losses on available-for-sale securities are recognised directly in the fair value reserve in equity and reported under other comprehensive income.

When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the statement of income.

Unquoted equity instruments for which fair values cannot be measured reliably are recognised at cost less impairment.

For available-for-sale financial investments, the Group assesses at each statement of financial position date whether there is objective evidence that an investment is impaired. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of income – is removed from other comprehensive income and recognised in the statement of income. Impairment losses on equity investments are not reversed through the statement of income; increases in their fair value after impairment are recognised directly in other comprehensive income.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment.

Impairment losses are reported as a deduction from the carrying value of the loan (through an allowance account) or balance and recognised in the statement of income as a provision for impairment.

##### **Financial liabilities**

The Group's financial liabilities include customer deposits, loans payable, reimbursable shares and other liabilities. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans payable, net of directly attributable transaction costs.