

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

2. Accounting Policies, continued

2.3 Summary of significant accounting policies, continued

m) Recognition of income and expenses

Revenue is recognised on an accrual basis to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue and expenses are recognised:

Interest income and expense

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest method. The effective interest rate (EIR), is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or a shorter period, where appropriate), to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. For financial liabilities such as deposits, interest is expensed based on the outstanding balance of these deposit accounts.

Fees and commission income

Fees and commission 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 loan.

Dividend income

Dividend income is recognised when the Group's right to receive the dividend is established.