

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2017

(Expressed in Barbados dollars)

2. Accounting Policies, continued

(c) Summary of significant accounting policies, continued

d) Financial instruments, continued

Non-derivative financial assets – Measurement, continued

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 loan impairment expense.

Non-derivative financial liabilities - Classification, Recognition/Derecognition and Measurement

The Credit Union classifies non-derivative financial liabilities into the other financial liabilities category.

The Credit Union's financial liabilities include customer deposits, loans payable, reimbursable shares and other liabilities. The Credit Union 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.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. The EIR amortisation, if any, is included in the statement of income.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

e) Reimbursable shares

Reimbursable shares represent amounts due to the estates of deceased members.