

# BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

(Expressed in Barbados dollars)

## 2. Accounting Policies, continued

### (d) Financial instruments

#### **Non-derivative financial assets and liabilities**

The Credit Union initially recognises cash resources, financial investments, loans and advances, due from related companies, other assets, deposits, loans payable, reimbursable shares and other liabilities on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

#### **Non-derivative financial assets – Classification and subsequent measurement - Policy applicable from April 1, 2018**

The Credit Union classified its financial assets into one of the following categories:

- Amortized cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through the profit or loss (FVTPL)

#### Financial assets measured at amortized cost

The Group's non-derivative financial assets measured at amortized cost comprise cash and cash equivalents, term deposits, sovereign debt securities, loan and advances and due from related companies. The Group measures these assets at amortized cost as its business model is to hold them to collect contractual cash flows. Its contractual terms also gives rise to the receipt of principal and interest on specified dates. These financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### Financial assets measured at FVOCI

The Group's non-derivative financial assets measured at FVOCI comprise equity securities. The Group measures these assets at FVOCI as these equity investments are not held for trading and the Group has irrevocably elected to present subsequent changes in the investments' fair value in OCI. These assets are measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to consolidated statement of income.

#### Financial assets measured at FVTPL

The Group's non-derivative financial assets measured at FVTPL comprise equity securities. These assets are measured at fair value. Net gains and losses, including dividend income are recognized in consolidated statement of income.

#### Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets