

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

(j) *Reimbursable shares*

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

(k) *Deposits*

Members' deposits are initially measured at fair value, net of any transaction costs directly attributable to the issuance of the instrument. Members' deposits are subsequently measured at amortized cost using the effective interest rate method.

(l) *Other liabilities*

Liabilities for trade creditors and other payables are classified as other financial liabilities and initially measured at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method.

(m) *Share capital*

Members' shares are classified as other financial liabilities under the IAS 32, *Financial Instruments: Disclosure and Presentation* and are measured at par value.

Dividends are paid on an annual basis at rates that are determined at the Annual General meeting of members. Dividends are calculated based on the monthly minimum share balance of each active member of the Group and distributed via credits to members' deposits.

(n) *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 expense are recognised:

Interest income and expense

For all financial instruments measured at amortized cost, interest income or expense is recognized in the consolidated statement of income 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.

Dividend income

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