

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)

22. Statutory Reserves, continued

* Section 197(2) of the Co-operative Societies (Amendment) Act 2007-39 requires for the Group that an appropriation equivalent to the greater of one half of one per cent (0.5%) of total assets or twenty-five per cent (25%) of net surplus shall be credited to the reserve fund annually until capital equals ten per cent (10%) of total assets. The Registrar of Co-operatives may increase the appropriation amount to forty per cent (40%) of net surplus or one per cent (1%) of total assets in certain circumstances.

** Under the provisions of the Financial Institutions Act, a subsidiary is required to transfer a minimum of 15% of its after tax profits to a reserve fund until such fund equals the share capital. A transfer of \$71,127 was required during 2019 (2018 - \$84,253).

23. Other Reserves

	<u>2019</u>	<u>2018</u>
Fair value reserve (i)	\$ 1,384,868	1,154,631
Special funds (ii)	803,309	697,258
Donated equity (iii)	26,909	26,909
Defined benefit plan (iv)	(546,240)	1,001,965
Reserve for interest on non-performing loans (v)	<u>3,234,150</u>	<u>2,972,743</u>
	\$ <u>4,902,996</u>	<u>5,853,506</u>

Fair value reserve

The fair value reserve represents the net effect of fair value gains or losses on FVOCI (2018 – available for sale) investment securities held.

The movement on the fair value reserve for the year is as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 1,154,631	1,449,287
Unrealised fair value gain (loss)	<u>230,237</u>	<u>(294,656)</u>
Balance, end of year	\$ <u>1,384,868</u>	<u>1,154,631</u>