

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)

25. Commitments and Contingencies, continued

(iii) Legal proceedings

At March 31, 2019, there were certain legal proceedings against the Group. In view of the inherent difficulty of predicting the outcome of such matters, the Group cannot state what the eventual outcome of such matters will be; however, based on current knowledge, the Group does not believe that liabilities, if any, arising from pending litigation will have a material adverse effect on its consolidated financial position or results of operations.

(iv) Lease commitments

The Group leases branch facilities under operating leases. Payments made under these leases are recognised in the consolidated statement of income on a straight-line basis over the term of the lease.

The future minimum rental payments related to these commitments are as follows:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 1,567,517	1,500,872
Between one and five years	<u>2,916,396</u>	<u>2,929,980</u>
	\$ <u>4,483,913</u>	<u>4,430,852</u>

During the year, \$1,689,647 (2018 - \$1,711,721) was recorded as an expense in the consolidated statement of income in respect of operating leases.

26. Financial Risk Management

26.1 Introduction

Risk is inherent in the Group's activities but is managed through a process of on-going identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk, market risk and operational risk.

The Group's aim therefore is to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Group's policy is to monitor those business risks through its strategic planning process.