

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)

27. Fair Value

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is best evidenced by a quoted market price, if one exists.

Financial assets and liabilities are carried at amounts, which approximate to their fair value at the statement of financial position date. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument.

These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

For financial assets and financial liabilities that are liquid or have short term maturity, it is assumed that the carrying amounts approximate their fair value. These include cash resources, other assets and other liabilities. The fair value of debt securities is based on quoted prices where available, or otherwise based on an appropriate yield curve with the same remaining term to maturity. The fair value of loans and advances largely approximates carrying value as the Group's portfolio comprises mainly variable rate loans. The fair value of deposits takes account of certain fixed rate deposits which have been discounted at current interest rates.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are shown in the table below:

| | <u>2019</u> | | <u>2018</u> | |
|------------------------|-------------------------|----------------------|------------------------|----------------------|
| | <u>Carrying Amount</u> | <u>Fair Value</u> | <u>Carrying Amount</u> | <u>Fair Value</u> |
| Assets | | | | |
| Cash resources | \$ 252,492,100 | 252,492,100 | 156,888,167 | 156,888,167 |
| Financial investments | | | | |
| – Amortized cost | 22,529,971 | 22,529,971 | - | - |
| – Held to maturity | - | - | 25,993,354 | 25,993,354 |
| – Loans and receivable | - | - | 3,958,401 | 3,958,401 |
| – FVOCI | 2,177,258 | 2,177,258 | 1,941,595 | 1,941,595 |
| – FVTPL | 884,496 | 884,496 | 778,079 | 778,079 |
| Loans and advances | 1,235,759,895 | 1,238,893,573 | 1,174,576,465 | 1,177,486,641 |
| Other assets | <u>12,654,668</u> | <u>12,654,668</u> | <u>11,501,929</u> | <u>11,501,929</u> |
| | <u>\$ 1,526,498,388</u> | <u>1,529,632,066</u> | <u>1,375,637,990</u> | <u>1,378,548,166</u> |
| Liabilities | | | | |
| Deposits | \$ 1,400,074,381 | 1,502,142,145 | 1,259,922,245 | 1,353,859,388 |
| Loan payable | 13,520,176 | 13,520,176 | 15,229,798 | 15,229,798 |
| Reimbursable shares | 12,289,404 | 12,289,404 | 9,761,121 | 9,761,121 |
| Other liabilities | <u>14,621,052</u> | <u>14,621,052</u> | <u>13,069,238</u> | <u>13,069,238</u> |
| | <u>\$ 1,440,505,013</u> | <u>1,542,572,777</u> | <u>1,279,982,402</u> | <u>1,391,919,545</u> |