

# BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2019

(Expressed in Barbados dollars)

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## 2. Accounting Policies, continued

- (p) *Expected credit losses and impairment, continued*  
(i) **Non derivative financial assets, continued**

### Credit impaired financial assets

The Credit Union considers the following when assessing whether sovereign debt is credit-impaired:

- The market's assessment of credit worthiness as reflected in the bond yields
- The rating agencies' assessment of creditworthiness
- The country's ability to access the capital markets for new debt issuance
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness

### Write-off

Loans and debt securities are written off when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Credit Union determines that the borrower does not have the assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in impairment losses on financial instruments in the non-consolidated statement of income and non-consolidated statement of comprehensive income. Financial assets that are written off are still subject to enforcement activities in order to comply with the Credit Union's procedures for recovery of amounts due.

Prior to January 1, 2018, under IAS 39, financial assets not classified as FVTPL were assessed at each reporting date to determine whether there was objective evidence that a financial asset or a group of financial assets was impaired. A financial asset or group of financial assets was impaired when objective evidence demonstrated that a loss event had an impact on the future cash flows of the assets that could be estimated reliably.

The Credit Union considered evidence of impairment for financial assets measured at amortized cost (i.e. held to maturity and loans and receivable) both a specific asset and a collective level. All individually significant loans and advances and held to maturity investments were assessed for specific impairment. Those found not to be specifically impaired were then collectively assessed for any impairment. Loans and advances and held to maturity investments that were not individually significant were collectively assessed for impairment by grouping together loans and advances and held to maturity investments securities with similar credit risk characteristics.

For financial assets measured at amortized cost (i.e. held to maturity and loans and receivable), an impairment loss was calculated as the difference between the carrying amount of the financial asset or portfolio of financial assets and the respective estimated future cash flows discounted at the financial asset's original effective interest rate.