

# 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**

Impairment losses were recorded in the non-consolidated statement of income with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts.

In periods subsequent to the impairment where the impairment loss had decreased, and such decrease could be related objectively to an event occurring after the impairment was initially recognized, the previously recognized impairment loss was reversed through the non-consolidated statement of income. The impairment reversal was limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment was reversed did not exceed what the amortized cost would have been had the impairment not been recognized after the reversal.

#### (ii) **Non derivative financial assets**

The Credit Union assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Credit Union estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses are recognized in the profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.