

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)

24. Financial Risk Management, continued

Credit risk, continued

Financial investments, continued

Assessment of Corporate Investments (Term deposits)

Time to maturity

- Investee's ability to make payment once it becomes due (this is based on past relations with the entity together with an evaluation of whether the entity has experienced a decline in its financial ability to make payments).

These investments are categorized as follows:

Stage 1: Time to maturity is less than 24 months and the entity shows no decline in its ability to repay either based on past performance or future events.

Stage 2: Time to maturity is greater than 36 months and less than 60 months and the entity shows no decline in its ability to repay either based on past performance or future events.

Stage 3: Time to maturity is greater than 5 years or there has been a significant past or likely future event which has caused or is highly or likely probable to significantly impact the investee's ability to repay.

IFRS 9 provides that cost can be used as a basis for estimating fair value where, there are limitations on supportable information to do otherwise. There is currently insufficient trading information from published sources to measure the fair market value of the corporate term deposits. Any application based on the insufficiency of this data would therefore, result in a wide range of possible fair value measurements and cost therefore represents the best estimate of fair value within the relevant range.

Notwithstanding this, the Credit Union has identified the following indicators as those where cost might not be representative of fair value as the following;

- (a) Significant change in the performance of the investee compared with that of the market
- (b) Changes in expectations that investee's technical product milestones will be achieved;
- (c) A significant change in the market for the investee's products, global economy, economic environment in which the entity operates;
- (d) Performance of competitors, matters such as fraud, commercial disputes, litigation, changes in management or strategy; or
- (e) Evidence of external transactions in the investee's equity (take overs)