

**MEDICAL & HEALTH
SERVICES**

Co-operative Credit Union

**WELCOMES YOU TO
ITS' 2019 ANNUAL
GENERAL MEETING
(AGM)**

VENUE: HEAD OFFICE KANIFING

DATE: 14TH DECEMBER 2019

TIME: 09:00 AM

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MISSION

Our mission is to promote thrift among credit union members by affording them the opportunity to accumulate their savings, to create a source of credit at fair and reasonable interest rates, and to provide the opportunity for the members to use and control their money in order to improve their economic and social condition.

VISION

We seek to become a leading cooperative financial institution in The Gambia providing various products and financial services to members with a view to creating an enviable image in the country.

PRINCIPLES

- Voluntary Membership
- Democratic Member Control
- Members' Economic Participation
- Autonomy and Independence
- Education, Training & Information
- Cooperation Among Cooperatives
- Corporate Responsibility

CORE VALUES

- Professionalism
- Responsibility
- Accountability
- Transparency
- Integrity
- Excellence
- Passion
- Courtesy
- Commitment
- Honesty

ANNUAL GENERAL MEETING OF MHSCCU

THE BOARD OF DIRECTORS OF THE MEDICAL AND HEALTH SERVICES CO-OPERATIVE CREDIT UNION WISHES TO INFORM ALL MEMBERS THAT THE 21ST ANNUAL GENERAL MEETING (AGM) IS SCHEDULED TO TAKE PLACE ON SATURDAY 14TH OF DECEMBER, 2019.

THE MEETING WILL TAKE PLACE AT THE MHSCCU HEAD OFFICE AT THE KANIFING INSTITUTIONAL AREA, OPPOSITE THE GAMBIA FOOTBALL FEDERATION (GFF) COMPLEX

TIME: 9:00AM PROMPT.

THE MAIN OBJECTIVE OF THE AGM SHALL BE TO APPROVE THE 2018 ANNUAL ACCOUNTS AND REPORTS OF THE BOARD OF DIRECTORS.

THEME: TOGETHER WE SHAPE A BRIGHTER AND SECURE FUTURE FOR ALL OF US!

AGM Programme Schedule

Time	ACTIVITY
8:00 — 9:00	Registration of members and guests
9:00 — 9:05	Ascertainment of quorum by Registrar of co-operatives
9:05 — 9:15	Prayers
9:15 — 9:25	Welcome Remarks by the Master of Ceremony
9:25 — 9:35	Keynote Address by Honourable Minister of Health
9:35 — 9:45	Registrar's Statement
9:45 — 9:55	Statement by NACCUG General Manager
9:55 — 10:25	Breakfast
10:25 — 10:40	Report by Chairman Board of Directors
10:40 — 10:50	Report by Treasurer
10:50 — 11:30	General Discussions
11:30 — 11:45	Adoption of 2018 AGM minutes
11:45 — 12:25	Nomination and Election of new Board members
12:25 — 12:35	Statement from MHSCCU General Manager
12:35 — 13:25	Award of certificates, Closing remarks and group photo
13:25 — 14:00	Lunch and departure

Meeting Information

1. Call to order : - the meeting shall be called to order promptly at specific times.
2. Quorum :- the quorum shall be ascertained in accordance with the MHSCCU Bye-laws.
3. Recording Secretary :- the Chairperson shall appoint a secretary to record the minutes of the meeting.
4. Motions — Resolutions :- shall be voted on by raising of the hand to be counted.
5. The Board of Directors :- MHSCCU's board is composed of 14 members. The Bye-laws states that no board member should serve for more than two consecutive terms.
6. Voting Rights : - All members have the right to be voted into office and vote for any candidate of their choice.

Institutional Information

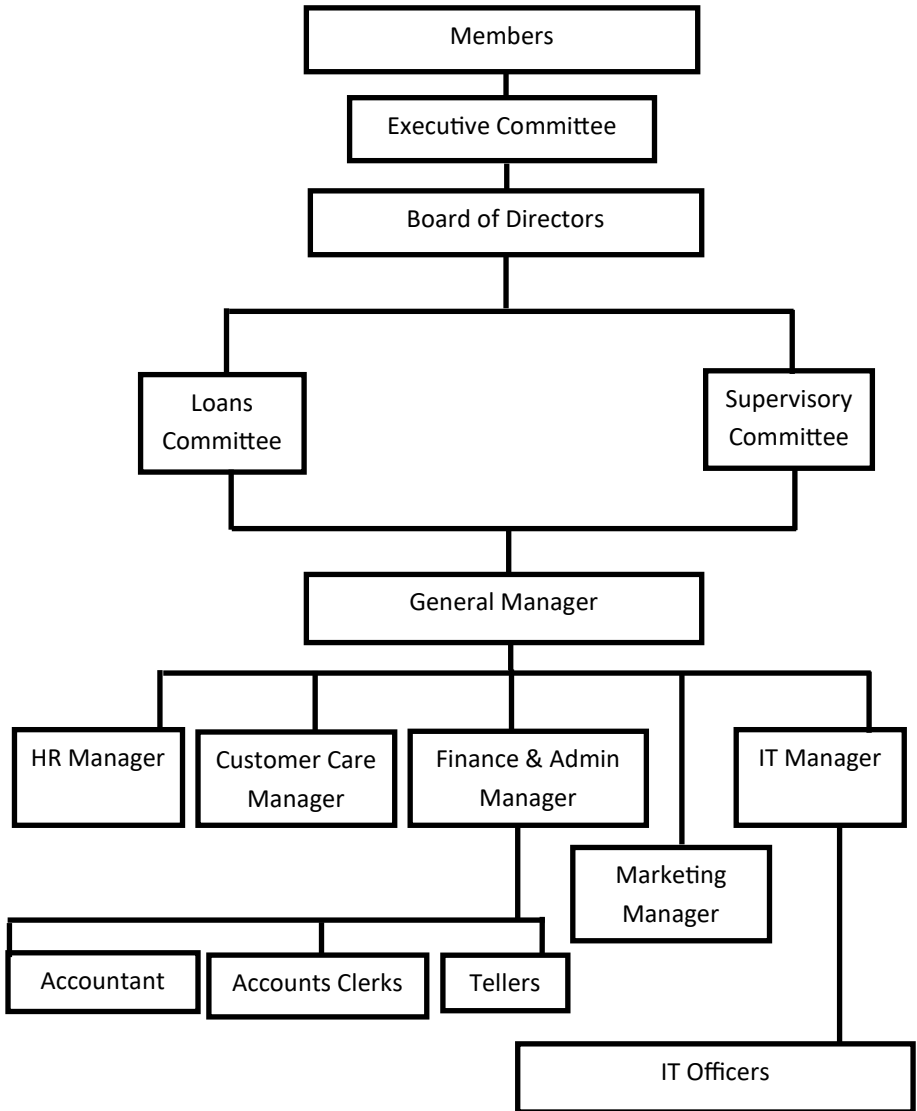
Registered office

Kanifing Institutional Area
Kanifing Layout
KMC
The Gambia

Auditors

HAD & Co
Chartered Accountants and Business Advisers
Bertil Harding Highway
Kerr Serign
The Gambia

Organogram



MHSCCU Board of Directors

NAME	POSITION
Mr. Momodou N. Savage	Chairperson
Mr. Malang N. Fofona	Vice Chairperson
Mr. Abdou Aziz Ceesay	Secretary
Mrs. Isatou Sey	Treasurer
Mr. Momodou T. Jallow	Member
Mr. Aba Bojang	Member
Mrs. Fatou Bittaye	Member
Mr. Babucarr N. Joof	Member
Mr. Lamin P. Fofana	Member
Mrs. Isatou Ndimballan	Representative — Bansang Hospital
Mr. Sheriffo Darboe	Representative — Farafenni Hospital
Mrs. Amie T. Bah	Regional Representative — URR
Mr. Ebrima Saidy Leigh	Regional Representative — NBR West
Mr. Abdoulie Jarju	Regional Representative — NBR East
Mr. Sheriff Sisay	Regional Representative — LRR

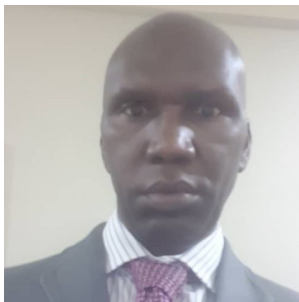
MHSCCU Supervisory Committee

NAME	POSITION
Mr. Buba Sanneh	Chairman
Mr. Nfamara Ceesay	Secretary
Mr. Assan Sinyan	Member

BOARD MEMBERS



MOMODOU N. SAVAGE
CHAIRMAN



MALANG N FOFANA
VICE CHAIRMAN



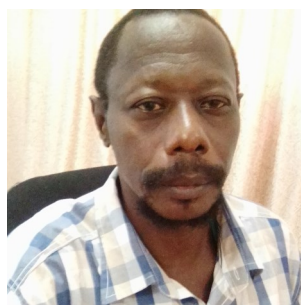
ABDOU AZIZ CEESAY
SECRETARY



ISATOU SEY CEESAY
TREASURER



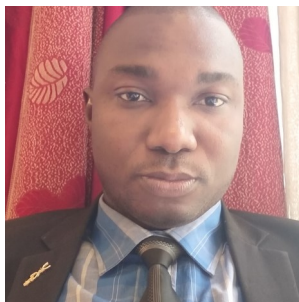
MOMODOU T JALLOW
MEMBER



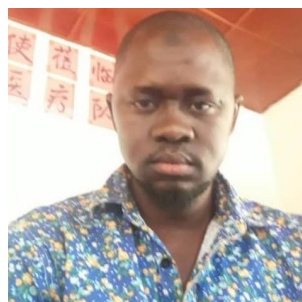
ABBA BOJANG
MEMBER



AGNES NJIE GOMEZ
GENERAL MANAGER



BABUCARR N. JOOF
MEMBER



LAMIN P. FOFANA
MEMBER

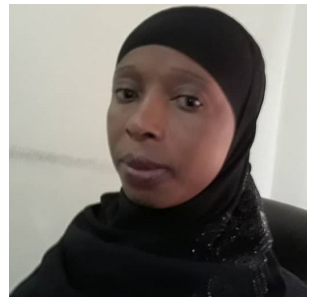
BOARD MEMBERS



ISATOU NDIMBALAN
MEMBER



SEHRIFFO DARBOE
MEMBER



AMIE T. BAH
MEMBER



EBRIMA SAÏDY LEIGH
MEMBER



ABDOULIE JARJU
MEMBER

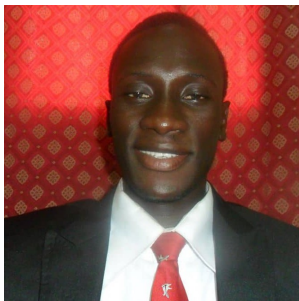


SHERIFF SISAY
MEMBER

SUPERVISORY COMMITTEE



BUBA SANNEH
CHAIRMAN



FAMARA CEESAY
SECRETARY



ASSAN SINYAN
MEMBER



Chairman's Report

Honourable Minister of Health, The Registrar of Co-operatives, General Manager of NACCUG, CEOs of Hospitals, Representative of sister Credit Unions, Esteemed Members of The Medical and Health Services Co-operative Credit Union, The Press and all Protocols respectfully and duly observed.

Fellow Members, on behalf of the Board of Directors, I welcome you all to the 21st Annual General Meeting. For twenty one years we are still growing, adapting and delivering solid results for our credit union's operations and financial stability. I am equally pleased to say that we had another terrific year filled with many successes, achievements, new activities and delivery on results; all contributing to a more prosperous credit union. As we assemble here today like the previous years, let me seize this opportunity to remind you that the event is a statutory requirement for good governance, accountability and transparency that the Board should report back to the members about the activities of the credit union annually at organised highly represented forums and events called annual general meeting (AGM). In this regard, today's event is a very important ceremony to all of us as members of this great credit union.

Fellow Members, the key responsibility of the Board of Directors is to keep the MHSCCU focused on delivering strong and positive outcomes for you our esteemed members. Our products and services have come a long way over the past two decades when this credit union was registered with a membership of less than 100 members; the primary objective being the provision of financial services at affordable terms to a large unbanked segment of the market which existed at that time. In the year under review, with a membership base of 4522 members, we continue to provide services that bring our members dreams to reality. We salute and respect the founders of our credit union and we are proud to carry their legacy into the future with the same loyalty and determination, and armed with the tools to make this credit union even stronger

for our current and future members.

Fellow Members, Distinguished guests, Ladies and Gentlemen; the AGM is an important event in our common bond as it showcases the legitimacy of our existence as a credit union. Given the significances of this event, I wish to highlight some of the success and challenges faced during the financial year ending 31st December 2018. The past twelve months have been another exciting, eventful, challenging but a very rewarding period for this credit union.

The moment we assumed office as a Board we started working on the modalities to equip this new office complex with adequate furniture and equipment such as computers and printers and fibre connection to Gamtel. Now the head office is fully operational. This magnificent edifice was built in anticipation of future growth and expansion needs of the credit union. The head office is now provided with a borehole to address the acute water shortages it has been encountering.

Fellow members, for our credit union to remain as the peoples' first choice for financial services and competitiveness, we are determined to provide uninterrupted effective and efficient service delivery to our members. After series of unending power failures from NAWEC, leading to service delivery interruptions, the Board realised that the spirit of uninterrupted service delivery is being impaired and immediately recommended for the procurement and installation of a stand by generator to support uninterrupted power supply and service delivery. Perhaps you might have now noticed that service delivery is now uninterruptedly provided without taking much of your time.

As a Board, our goal is for our credit union to provide all members of the union with access to information, savings and loan products so that they can make informed choices that help you achieve your individual goals. In this spirit, as at 31st December 2018 our loan portfolio has increased from **D43, 149,208.00** in 2017 to **D47, 750,558.00**, representing an increment of **D4, 601,350.00** a **10.66%** growth.

Fellow members looking through the audited accounts for the year 2018 you would have seen that significant gains were registered during the year under review

- Total assets have increased from **D69, 045,661.00** in 2017 to **D 82, 246,546**, an increment of **D 13, 200,885** representing **19.12%** growth.
- Total income has increased from **D 7, 409,455** to **D 7, 830,039** representing an increment of **D 420, 584.00**; a growth of **5.37%**.
- Expenditure for the year 2018 had increased from **D 4, 391,819.00** in 2017 to **D 4, 599,915.00** an increment of **D 208, 096.00** representing **4.74%** growth.
- Surplus for the year under review is **D 1, 125,927** compared to a deficit of (**D 1, 222,057**) for the year 2017 representing increment of **92.13%**.
- Loans approved during the year under review reached **D 4, 601,350.00**.
- Cash and Bank balances as at 31st December 2018 stood at **D 15, 604,728** compared to **D 9, 524,092** in 2017 an increment of **D 6, 080,636** from 2017 representing **63.84%** growth on our liquidity reservations.
- Savings have increased from **D 54, 552,018** in 2017 to **D67, 593,371** in 2018 an increment of **D 13, 041,353** over 2017 representing a **23.91%** growth.
- Property and equipment has increased from **D 9, 389,099** in 2017 to **D 12, 554,832** in 2018 an increment of **D 3, 165,733** representing **33.72%** growth.
- Long term investments have increased from **D 5, 682,288** in 2017 to **D 6, 221,807** in 2018 an increment of **D 539, 519** over 2017 representing **9.50%** growth.

Fellow Members, in addressing the mobility challenges for operational efficiency and effectiveness, the Board procured a new Toyota Double Cabin Pick-up from CFAO through a suitable and agreed payment plan. This pick-up has replaced the old Nissan car and eliminated the high cost of servicing and mobility unreliability. The new Toyota pick-up car is facilitating volumes of all our mobility needs ranging from sensitisation and promotional campaigns, trekking and all official travels with no iota of fear for mechanical failure and unreliability compared to the old Nissan car.

Considering more than 200 members from CRR, the Board decided to furnish the office of sister credit union, Sabunyimma at Bansang and equipped it with all necessary furniture, equipment, computers and internet connectivity. Moreover, their volunteer TELLER is now absorbed as an MHSCCU staff providing services to both MHSCCU and Sabunyimma Credit Union members.

Furthermore, there are plans to open a branch at Farafenni to address the sufferings of our members who have to travel a distance of 2 kilometres to the new GTU Share branch Office for their financial transactions. Indeed, this would mean added cost to our operations relating to human resource, office furniture, equipment, computers, internet connectivity, operational costs and electricity. In my view, considering the hardship endured by our highly valued members there is need to address their plight.

In addition to the above, we embarked on an estate programme with the aim of gradually addressing the housing needs of our esteemed members. Pursuant to this goal, the Board succeeded in procuring land at Tujereng village in Kombo South named Tujereng Estate. This land space was demarcated to 35 plots of land ready for allocation. **So far, 31 plots have been allocated to you our esteemed members and remaining 4 yet to be allocated.**

Fellow members I believe we have a very dedicated management and staff that are always courteous, helpful and flexible in running our main office as well as the other branches. I would like to welcome Mr. Bojang who joined the staff recently to provide support to the team in developing and implementing our strategic plan and in addressing our financial and administrative needs as a growing and expanding credit

union.

We recognised that staff training is essential for capacity building with a view to enhancing operational efficiency and effectiveness of our credit union. In this regard, the Board has a policy of sponsoring any staff who plans to pursue their further training by paying 50% of the training cost whilst the staff pays the other 50%. One of the staff has already completed his B.Sc. Degree in Accounting at the University of The Gambia and is now promoted to the position of Accountant.

Fellow members, our credit union has been growing consistently year after year for the past two decades and this year was no different.

I attribute our successes to three important factors:

- (1) A strong and committed Board
- (2) A competent, energetic and passionate management team.
- (3) The ongoing loyalty and support from you, our co-operative credit union members.

The Board of Directors, Management and staff would like to take this opportunity to thank you the members for your continued loyalty and support and are looking forward to assisting you in the coming years.

Fellow Members, I wish to remind you that one of the key roles of your Board is to ensure the effective governance of the credit union. In this regard, your Board continually seeks to adopt best practices in the organisation's policies, procedures and structures. During the year under review your Board continued in this vein through a major revision of the credit union's Bye Laws. The revised copy shall be presented for your approval at this Annual General Meeting. I would like to thank my fellow Board Members, Executive Committees, Loans Committees, Supervisory Committees and the Regional Representatives for their relentless cooperation and active participation during this period.

During the period under review, we have fully performed our responsibilities as your elected representatives through statutory monthly meetings of the Executive Committee and quarterly meetings of the Board, Loans committee and Supervisory committees. In addition a number of extra meetings were held to deal with the heavy workload of the Board of Directors. The Board review all policies and procedures and amend them where necessary throughout the year in accordance with the governance and compliance responsibilities. As all Board Members also sit

on Committees, they have a very busy schedule throughout the year. This represents a great deal of unpaid personal time invested in members' interest. I know from personal experiences, the amount of time this requires and it shows the commitment of all involved.

Growth through cooperation and collaboration is a cornerstone of our strategic plan and the Board of Directors ensures that each and every step we take with other credit unions must contribute to the overall vision and mission of our credit union. For this reason may I seize this opportunity to thank NACCUG, GTUCCU and all other sister credit unions for the successful operationalization of the shared Branching network. This networking framework has contributed immensely to our success story and the effective and efficient operationalization of our services to reach our esteemed members countrywide cost effectively.

Fellow members, this Annual General Meeting will see the conclusion of my three year term as Chairman of the credit union. It has been a great honour for me to hold this position and to serve you to the best of my ability. At this point I would like to thank my fellow Board Members and committee members for their support and cooperation over my term. Finally, I would like to thank you, our members, for your loyalty and support throughout the year.



Treasurer's Report

THE MHSCCU FINANCIAL STATEMENTS PERFORMANCE ANALYSIS FOR THE YEAR 2018.

Honourable Minister of Health, The Registrar of Co-operatives, General Manager of NACCUG, CEOs of Hospitals, Representatives of sister Credit Unions, Esteemed Members of The Medical and Health Services Co-operative Credit Union, The Press and all Protocols respectfully and duly observed.

On behalf of the Board of Directors, I present to you our annual report and Accounts for the year ending 31st December 2018. Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the Directors are required:

- ⇒ Select suitable accounting policies and then apply them consistently.
- ⇒ Make judgments and estimates that are reasonable and prudent.
- ⇒ State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- ⇒ Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with accuracy at any given time; the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2013 and the Banking Act 2009. They are also responsible for safeguarding the Assets of the Company and hence for taking steps for the prevention and detection of fraud and other irregularities.

It is the treasurer's responsibility to report to the Board and to you the Members, on the financial affairs of this credit union. The audited financial statements were prepared on the basis of international accounting standards and financial reporting standards as indicated above. Interest income for the year 2018 is **D7,830,039** compared to **D7,409,455** for the year 2017, an increment of **D420,584** representing **5.68%** growth. Therefore, efforts should be intensified towards increasing the Union's revenue generation sources such as investments in treasury bills, fixed deposits and increase membership so as to increase savings and lending with a view to increasing interest income.

For the year under review the credit union has registered a surplus amounting to **D1,125,927** compared to a net loss of **(D1, 222,057)** for the year **2017**. Thanks to the dedication of the Board and Management.

Furthermore the credit union's assets remain strong and persistently growing at a satisfactory rate. MHSCCU total Assets for the year 2018 amounts to **D82, 246,546.00** compared to **D69, 045,661.00** in the year **2017** representing growth in net worth of Assets by **D13, 200,885.00** for the year **2018**. This is **19.12%** growth in assets net worth.

Fellow members, the principal activity of credit unions including MHSCCU, is the provision of savings and loans to members in its

common bond. The credit union manages its members' shares, capital and loans to members so that it earns income from the margin between interest receivable and interest payable. Both the level of business and the year-end financial position were satisfactory. Perhaps the Board and Management should initiate plans to develop and expand the credit union's current activities by increasing its loan portfolio and investments. We are confident of its ability to operate successfully in the future.

Members should also be committed to fulfilling their obligations by ensuring that your monthly loan repayments are fulfilled when they are due. Let's be committed to paying our loans.

The Credit Union's liquidity policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due. The objective of the MHSCCU's liquidity policy is to smooth the mismatch between maturing assets and liabilities and to provide a degree of protection against any unexpected developments that may arise.

Fellow Members, for the year under review, members' savings has also increased from **D54,552,018.00** in the year **2017** to **D67,593,371.00** representing savings growth of **D13,041,353.00** an increment of **23.91%**. Thanks to the commitment of members in steadily increasing their savings and hope that the trend will continue. However more efforts should be intensified in increasing our membership with a view to speedily increasing our savings growth.

For the year under review cash and bank balances as at 31st December **2018** amounted to **D15,604, 728.00** compared to **D9,524,092.00** for the year **2017** representing growth of **D6,080,636.00** an increment of **63.85%**. The credit union's liquidity status has been continuously preserved to make it a self-sustaining and viable cooperative credit union

managed prudently for the growth and expansion challenges of the union. The trend is representative of a steadily growing cooperative credit union of the members by the members and for the members. To boost the credit A budget shall be submitted for review and approval to the board which would capture planned future investment intervention areas such as Treasury Bills, Fixed Deposit accounts, Motor bike loans etc. The Motorbike loan proposal will facilitate our members travelling requirements and henceforth increase our loan portfolio resulting to projected increment in revenues. Growth through cooperation and collaboration is a cornerstone of our strategic plan and the Board of Directors ensures that each and every step we take with other credit unions must contribute to the overall vision and mission of our credit union.



Head Office





Activity Report

REVIEW OF OPERATIONS

Fellow Members, it is with great pleasure to present MHSCCU activity report for the year ended 31st December 2018. The year has indeed been a very successful and eventful year but it was not without challenges, as highlighted below.

Membership Growth

During the period under review, membership grew from **4171** members in December 2017 to **4522** members as at December 2018. An increment of **351** Members representing **8.42%** growth as at December 2018. This is not impressive growth for a whole year. More aggressive sensitisation programmes need to be embarked upon in the coming year for rapid membership growth.

SAVINGS MOBILIZATION

In the same vein members' savings has also increased from **D54, 552,018.00** in the year 2017 to **D67, 593,371.00** representing savings increment of **D13, 041,353.00** reflecting a **23.91%** growth in savings. Thanks to the commitment of members in steadily increasing their savings and hope that the trend will continue. However more efforts should be intensified in increasing our membership with a view to speedily increasing our savings growth.

Loans

The total loans has increased to **D47,750,558** as at 31st December 2018 compared to **D43,149,208** for the year 2017 representing an increment of 10%. During the year members benefitted from a wide range of products and services from the credit union which helped to

settle short and medium term financial commitments. More loan recovery efforts need to be embarked on to curb the menace of loan default.

Marketing and Promotion.

Marketing and promotion is key to savings mobilisation and membership growth. During the year under review there wasn't any marketing and promotion either in the form of sensitisation campaigns or so. This is not good as there are tens of thousands of employees of the Medical and Health Services in both the public and private sectors waiting for information and clarity to decide on which financial institution they should bank with. If we don't meet them we lose them to our competitors.

Board and Executive Committee meetings.

Fellow Members, I wish to remind you that one of the key roles of your Board is to ensure the effective governance of the credit union. In this regard, your Board continually seeks to adopt best practices in the organisation's policies, procedures and structures. During the year your Board continued in this vein through a major revision of the credit union's Scheme of Service, Bye Laws and Operational Policy manuals. The revised copies shall be presented for your approval at this Annual General Meeting. I would like to thank my fellow Board Members, Executive Committees, Loans Committees, Supervisory Committees and the Regional Representatives for their relentless cooperation and active participation during this period.

During the period under review, we have fully performed our responsibilities as your elected representatives through monthly meetings of the Executive Committee and quarterly meetings of the Board, Loans committee and Supervisory committees. In addition a number of extra meetings were held to deal with the heavy workload of the Board of Directors. The Board review all policies and procedures and amend them where necessary throughout the year in accordance with the governance and compliance responsibilities. As all Board Members also sit on Committees, they have a very busy schedule throughout the year. This represents a great deal of unpaid personal time invested in mem-

bers' interest. I know from personal experiences, the amount of time this requires and it shows the commitment of all involved.



Auditor's Report

Independent Auditor's Report

To the Members of Medical and Health Services Co-operative Credit Union Limited MHSCCU)

Opinion

We have audited the financial statements of Medical and Health Services Co-operative Credit Union Limited MHSCCU), which comprise the balance sheet as at 31st December 2018, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. In our opinion, the accompanying financial statements give a true and fair view of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles (GAAP) and have been properly prepared in accordance with the Companies Act 2013, Co-operatives Societies Act CAP 50:02 of the 1990 Edition and the Non-Bank Financial Institutions Act 2016.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in The Gambia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter- Compliance with Regulatory Guidelines and Policies

We draw attention to Note 28 of the financial statements, which describes the effect of non-compliance with Central Bank of The Gambia prudential guidelines, and the National Association of Co-operative

Credit Unions of The Gambia (NACCUG) Central Finance Facility Policy and Shares Policy.

Our opinion is not qualified in respect of these matters.

Other Information

Management is responsible for the other information. The other information comprises the General Information and Report of the Directors as required by the Companies Act 2013 and Co-operatives Societies Act CAP 50:02 of the 1990 Edition . The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we concluded that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

Auditor's Responsibilities for Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor’s report is Abdou Joof.

HAD & Co

Chartered Accountants and Business Advisers

Registered Auditors

Kerr Serign, The Gambia

Date:.....2019

Income Statement

**for the year ended 31st
December 2018**

		31st December 2018 GMD	31 st December 2017 GMD
	<i>Notes</i>		
Interest income	7	7,830,039	7,409,455
Interest ex- pense	8	(1,210,616)	(2,547,156)
Net interest in- come		6,619,423	4,862,299
<i>Other income</i>			
Sundry Income	9	713,485	658,976
Total other in- come		713,485	658,976
Credit loss ex- pense	14	(1,607,067)	(2,351,513)
Net operating in- come		5,725,841	3,169,762
Operating ex- penses			
Personnel costs	10	(1,023,938)	(1,131,691)
Administrative expenses	11	(3,483,285)	(3,150,385)
Depreciation	15	(59,945)	(76,996)
Amortisation	16	(32,747)	(32,747)
Total operating expenses		(4,599,915)	(4,391,819)
Net surplus/ (deficit) for the year		1,125,927	(1,222,057)

Balance Sheet

Balance Sheet

As at 31st December 2018

		31 st December 2018	31 st December 2017
	<i>Notes</i>	GMD	GMD
Assets			
Cash and Bank Balances	12	15,604,728	9,524,092
Investments - short term	13 -		1,153,606
Debtors	14	47,750,558	43,149,208
Investments - long term	13	6,221,807	5,682,288
Property and Equipment	15	12,554,832	9,389,099
Intangible Assets	16	114,621	147,368
Total assets		82,246,546	69,045,661
Liabilities			
Members' Savings	17	67,593,371	54,552,018
Sundry Creditors	18	280,827	1,967,240
Total liabilities		67,874,198	56,519,258
Equity			
Ordinary Share Capital	19	5,311,729	5,230,411
Statutory Reserve Fund	20	1,641,959	1,360,477
Building Fund	21	4,223,660	3,584,960
Accumulated Fund		3,195,000	2,350,555
Total equity		14,372,348	12,526,403
Total liabilities and equity		82,246,546	69,045,661

Statement of Cash Flow

for the year ended 31st December 2018

		31 st December 2018	31 st December 2017
	<i>Notes</i>	GMD	GMD
Operating Activities			
Surplus for the year		1,125,927	(1,222,057)
Adjustments for:			
Depreciation charges	15	59,945	76,996
Amortisation	16	32,747	32,747
Net interest income		(6,619,423)	(4,862,299)
		(5,400,804)	(5,974,613)
Increase in Debtors		(4,601,350)	(1,756,020)
Increase in Members' savings		13,041,353	1,712,483
(Decrease)/ Increase in Sundry Creditors		(1,686,413)	1,917,240
Prior year adjustment	14.1	-	820,218
		1,352,786	(3,280,692)

Statement of Cash Flow

Interest income	7,830,039	7,409,455
Interest expense	(1,210,616)	(2,547,156)
Net cash inflow from operating activities	7,972,209	1,581,607
Investing Activities		
Decrease in Investments	614,087	5,866,242
Payment to acquire tangible fixed assets	15 (3,225,678)	(5,784,224)
Net cash flow used in investing activities	(2,611,591)	82,018
Financial Activities		
Issue of ordinary shares during the year	81,318	2,603,425
Increase in building fund	638,700	607,050
Dividend paid - ordinary shares	-	(248,683)
Net cash inflow from financing activities	720,018	2,961,792
Net increase in cash and cash equivalents	6,080,636	4,625,417
Cash and cash equivalents at 1 January	9,524,092	4,898,675
Cash and cash equivalents at 31 December	15,604,728	9,524,092

Notes to the Financial Statements

1 Corporate information

The Medical and Health Services Co-operative Credit Union Limited (MHSCCU), was registered on 23rd July 2000 and domiciled in The Gambia. The registered address of the Credit Union is C/o Edward Francis Small Teaching Hospital, 14 Marina Parade, Children's Wing, Banjul, The Gambia.

The principal activities of the Union continues to be the promotion of savings by members in the form of shares, savings and the granting of loans to members in accordance with the Co-operative Act 1990.

The financial statements were approved by the Board of Directors on 2019.

2 Basis of preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Gambian Dalasi (GMD) and all values are rounded to the nearest dalasi, except when otherwise indicated.

3 Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles, requirements of the Companies Act 2013, Co-operatives Societies Act CAP 50:02 of the 1990 Edition and also the Non-Bank Financial Institutions Act 2016.

4 Presentation of financial statements

The Credit Union presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following cir-

cumstances:

The normal course of business

The event of default

The event of insolvency or bankruptcy of the Credit Union and/or its counterparties

5 Summary of significant accounting policies

5.1 Foreign currency translation

5.1.1 Functional and presentational currency

These financial statements are presented in Gambian Dalasi (GMD), which is the Credit Union's functional and presentation currency.

5.1.2 Transactions and balances

Transactions in foreign currencies are translated to Dalasi at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Dalasi at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are historical cost, are translated to Dalasi at the foreign exchange rate ruling at the date of the transaction.

5.2 Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Credit Union and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

5.2.1 Interest and similar income and expense

Interest revenue is generally recognised when future economic benefits of the underlying assets will flow to the entity and it can be reliably measured. It is income derived from use of an entity's assets and hence the interest is mostly dependent on the underlying agreement.

Interest earned comprises of interest on loans, treasury bills and other

instruments and is accounted for on an accruals basis. In respect of loans, recognition of interest income ceases when payment of interest or principal is in doubt and any interest already recognised during that accounting period is reversed. Interest is thereafter included in income only when received.

Interest expense relates to payments made on member's deposits based on rates set by the Board from time to time.

5.2.2 Dividends - income and expense

Dividend income is recognised when the Credit Union's right to receive the payment is established, which is generally when the shareholders approve the dividend.

Dividend expense is recognised when the Members' right to receive the payment is established, which is generally when the directors approve the dividend.

5.2.3 Other income

This income line comprises of members' annual dues, entrance fees, bad debts recovered and sundry income. Income is recognised when due.

5.3 Cash and cash equivalents

Cash and local bank balances included in the balance sheet comprises cash in hand, balances held with banks and credit unions.

Cash and cash equivalents included in the cash flow statement comprises of cash, bank and credit union balances and short term investment, net of bank overdrafts.

5.4 Investments

Treasury bills, equity and bank deposits are stated at cost. Credit is taken for related income in the period it accrues.

5.5 Debtors

These comprise of loans given to members. These are initially measured at fair value.

Loans and advances are stated after deduction of applicable unearned income and provisions for possible credit losses. Provision for bad and doubtful debts are held in respect of loans and advances taking into consideration both specific and general risks.

Provision against loans and advances are based on an appraisal of the loan portfolio. Specific provisions are made where the repayment of identified loans is in doubt and reflect an estimate of the amount of loss expected.

Provisions made during the year less amounts released and recoveries of advances previously written off are charged as a separate amount in the profit and loss account.

Bad debts are written off from time to time as determined by management and approved by the Board of Directors when it is reasonable to expect that the recovery of the debt is unlikely. Bad debts are written off against the provisions for bad and doubtful debts if a provision for bad and doubtful debts had previously been recognized. If no provision had been recognized, the write-offs are recognized as expenses in the income statement.

5.6 Property and equipment

Property and equipment is initially recorded at cost and subsequently measured at cost less accumulated depreciation and any accumulated impairment (losses), with the exception of land which is not depreciated. Depreciation is recognized in net income and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Computer equipment	20%
Office equipment	15%
Office furniture	15%
Motor vehicles	20%

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if necessary.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Credit Union and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other operating income in the income statement in the year the asset is derecognised.

5.7 Intangible assets - software

Software acquired by MHSCCU is classified as an intangible asset and is measured at cost less accumulated depreciation and accumulated impairment losses. Amortisation is recognized in net income and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Software	10%
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Amortisation methods, useful lives and residual values are reviewed annually and adjusted if necessary.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

5.8 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs

to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

5.9 Members' fund

All member funds are initially measured at fair value, net of any transaction costs directly attributable to the issuance of the instrument.

5.10 Sundry creditors

These comprise of deferred income, accruals and trade payables. Sundry creditors are measured at fair value.

5.11 Post-employment benefits - defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior reporting periods. Obligations for defined contribution pension plans are determined by the amounts to be contributed and recognized as expense in profit or loss when they are due in respect of service rendered before the end of the reporting period.

The Credit Union contributes to the Social Security and Housing Finance Corporation's administered Provident Fund Scheme, wherein the employer contributes 10% of the employee's basic salary and the employee contributes 5% of his/her basic salary.

5.12 Provisions

A provision is recognized if, as a result of a past event, the Credit Union has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The provisions are reviewed at the end of each reporting period.

5.13 Members' shares

Membership shares are classified as liabilities or as member equity according to their terms. Where shares are redeemable at the option of the member, either on demand or on withdrawal from membership, the shares are classified as liabilities. Where shares are redeemable at the discretion of the credit union board of directors, the shares are classified as equity.

6 The preparation of the Credit Union's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Credit Union's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed briefly below.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also briefly described below. The Credit Union based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Credit Union. Such changes are reflected in the assumptions when they occur.

The following are items which require significant estimates, judgement and assumptions:

Going concern assessment;

- Assessment of the useful lives and residual values of fixed assets;
- Assessment of provision for bad and doubtful debts;
- Assessment for impairment of assets.

for the year ended 31st December 2018

31st December	31st December
2018	2017
GMD	GMD

7 Interest income

Members' loan	7,599,604	6,516,348
Investment	167,959	838,458
Saving bank account	62,476	54,649
	7,830,039	7,409,455

8 Interest expense

Interest paid on deposits	1,210,616	2,547,156
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9 Sundry income

Annual dues	632,250	592,579
Entrance fees	39,800	37,300
Sundry income	8,000	5,150
Bad debts recovered	33,435	23,947
	713,485	658,976

10 Personnel costs

Salaries	837,628	898,017
Pension contributions	56,810	57,674
Overtime	48,500	88,000
Provincial Allowance	57,000	54,000
Office provision	24,000	34,000

1,023,9381,131,691

The average number of staff employed during the year (including directors) analysed by category, is as follows:

	2018	2017
Manager	1	1
General staff	6	5
	7	6

11 Administrative costs

	31st December 2018 GMD	31st December 2017 GMD
Board and committee expenses	533,856	267,855
Credit union related costs	629,558	820,108
LSGS Premium	545,939	306,306
Motor Vehicle Running Cost	205,152	194,617
Printing & Stationery	41,725	57,050
Other expenses	14,200	73,687
Bank charges	344,837	324,268
Maintenance equipment	-	21,640
Annual general meeting expenses	173,410	183,860
Newspapers & Periodicals	7,300	9,250
Telephone	16,500	18,050
Local /International Travel	425,835	538,070
Maintenance Office	59,050	-
Miscellaneous expenses	209,672	191,304
Advertisement	6,540	-
Expenses on Treking	66,575	94,320
Donation & Gifts	60,000	-
Water Bill	51,936	-
Electricity	1,200	-
Staff & Board CUG Expenses	15,000	-
Audit fee	75,000	50,000
	3,483,285	3,150,385

11.1 Board and committee expenses

Board expenses	219,646
Executive committee expenses	176,310
Loans committee expenses	47,050
Board training	65,500
Supervisory committee expenses	25,350
	<hr/>
	533,856
	<hr/>

11.2 Credit union related costs

Annual dues - NACCUG	201,700
Chapter contributions	-
Shares branching cost	348,308
Annual licence -ABACUS software-	
Internet Subscription	79,550
	<hr/>
	629,558
	<hr/>

**for the year ended 31st December
2018**

	31st December 2018	31st December 2017
13 Investments	GMD	GMD
<i>Long term</i>		
Ordinary Shares 1 investment - NACCUG	12,227	11,871
Ordinary shares 2 - NACCUG	1,397,952	1,226,922
Central Finance Facility - NACCUG	3,748,325	2,464,592
Land for sale at Tujereng	1,063,303	1,978,903
	<hr/> 6,221,807	<hr/> 5,682,288
<i>Short term</i>		
Fixed-Term Deposit - NACCUG	-	1,153,606
	<hr/> -	<hr/> 1,153,606
Total investments	<u>6,221,807</u>	<u>6,835,894</u>

Ordinary Shares 1 investment - NACCUG

This represents the Union's equity holding of NACCUG's shares, which is currently 2 shares at nominal value of GMD 5,000 each. (2017: 2 shares at GMD 5,000 each). The shares have voting rights and cannot be withdrawn.

Ordinary shares 2 – NACCUG

This represents the Unions investment in NACCUG'S ordinary shares category . The amount invested should equal the statutory reserves fund of members as shown in the accounts of the last audit. These shares have a higher priority than the equity shares above but do not carry voting rights. These shares can only be withdrawn during liquidation of the Credit Union.

Central Finance Facility - NACCUG

The Central Finance Facility (CFF) aims to provide liquidity management system for members and a source of short term investments for credit unions with excess funds. Interest is paid annually. The Union's outstanding investment as at the end of the year was GMD 3,748,325 including interest accrued of GMD 72,096 (2017: GMD 2,464,592 including interest of GMD 163,868). The investment cannot be withdrawn unless the credit union is in the process of liquidation.

Land for sale at Tujereng

The union acquired a piece of land situated at Tujereng village in July 2012 at a price of GMD 1,390,000. The land is allocated into 35 plots to be sold to members on a credit basis.

Fixed-Term Deposit - NACCUG

The term deposit represents investment in NACCUG's term deposit facility. The investment of GMD1,153,606 was for a tenure of one year and matured on the 24th August 2018 and attracted an interest rate of 8%. The principal and accrued interest amounting to GMD1,211,637 was credited into the Union's CFF account maintained at NACCUG. The investment can be withdrawn prior to maturity by giving five (5) days notice to NACCUG. Any accrued interest at the time of withdrawal will be forfeited.

	31st December 2018 GMD	31st December 2017 GMD
14 Debtors		
Members' loans	45,146,486	
Staff loans and advances	1,919,814	
Sundry debtor	12,100	-
Emergency Loans	2,554,502	-
Tabaski Loans	1,821,938	-
Loans charge off	1,618,153	
	<hr/>	
	53,072,993	
General provision	(5,322,435)	
Prior year adjust-		-
	<hr/>	
	47,750,558	
	<hr/>	

Loan Loss Reserve

Opening balance 1.1.2018	5,002,661	2,760,171
Loan loss provision during the year	1,607,067	2,351,513
Bad debts written-off	<u>(1,287,292)</u>	<u>(109,022)</u>
Closing balance 31.12.2018	<u>5,322,435</u>	<u>5,002,662</u>

Loan loss provision is calculated using the following basis:

a. 0-1 month in arrears	1%	1%
2-3 months in ar-		
b. rears	5%	5%
4-6 months in ar-		
c. rears	20%	20%
7-12 months in ar-		
d. rears	50%	50%
Beyond 12 months		
e. arrears	100%	100%

Prior year adjustments

14.1

The prior year adjustment relates to opening balance differences between the general ledger and the subsidiary ledger. These differences occurred in the year 2015.

**Property
and
equip-**

	Work in progress	Land	Motor vehicles	Furni- ture	Com- puters	Equip- ment	Total
	GMD	GMD	GMD	GMD	GMD	GMD	GMD
Cost/ valuation							
Balance at 1st January 2017	2,050,000	1,525,000	248,001	35,500	116,000	102,800	4,077,301
Additions	5,749,124	-	-	-	-	35,100	5,784,224
Disposals	--	-	-	-	-	-	-
Balance at 31st Decem- ber 2017	7,799,124	1,525,000	248,001	35,500	116,000	137,900	9,861,525
Additions	3,011,678	-	-	-	54,000	160,000	3,225,678
Disposal	--	-	-	-	-	-	-
At 31st De- cember 2018	10,810,801	1,525,000	248,001	35,500	170,000	297,900	13,087,203

Depreciation

Balance at 1st January 2017	- -	198,400	23,625	80,000	93,405	395,430
Charges	- -	49,601	3,825	12,800	10,770	76,996
Disposals				-	-	-
Balance at 31st December 2017	- -	248,001	27,450	92,800	104,175	472,426
Charges	- -	-	3,825	23,600	32,520	59,945
Disposals	- -	-	-	-	-	-
At 31st December 2018	- -	248,001	31,275	116,400	136,695	532,371

Net Book Value

Balance as at 31st December 2018	10,810,802	1,525,000	-	4,225	53,600	161,205	12,554,832
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Balance as at 31st December 2017	7,799,124	1,525,000	-	8,050	23,200	33,725	9,389,099
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Work in Progress

WIP Cost relates to the construction of the Union's head office. The building was available for use in January 2019 and was reclassified to buildings. It will be depreciated at the rate of 2% on a straight line basis.

Intangible Assets

	Abacus software GMD	Total GMD
Cost/valuation		
Balance at 1st January 2017	327,478	327,478
Additions	-	-
Disposals	-	-
Balance at 31st December 2017	327,478	327,478
Additions	-	-
Disposals	-	-
Balance at 31st December 2018	327,478	327,478

Amortisation

Balance at 1st January 2017	147,363	147,363
Charges	32,747	32,747
Disposals	-	-
Balance at 31st December 2017	180,110	180,110
Charges	32,747	32,747
	-	-
Balance at 31st December 2018	212,857	212,857

Net Book Value

Balance as at 31st December 2018	114,621	114,621
Balance as at 31st December 2017	147,368	147,368