

**MEDICAL & HEALTH  
SERVICES**

**Co-operative Credit Union**

**WELCOMES YOU TO  
ITS' 2020 ANNUAL  
GENERAL MEETING  
(AGM)**

**VENUE: HEAD OFFICE KANIFING**

**DATE: 11TH DECEMBER 2021**

**TIME: 08:00 AM**

# **Content**

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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 21<sup>ST</sup> ANNUAL GENERAL MEETING (AGM) IS SCHEDULED TO TAKE PLACE ON SATURDAY 14<sup>TH</sup> 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: 8:00AM PROMPT.**

**THE MAIN OBJECTIVE OF THE AGM SHALL BE TO APPROVE THE 2020 ANNUAL ACCOUNTS AND REPORTS OF THE BOARD OF DIRECTORS.**

**THEME: FINANCIAL INCLUSION FOR BUILDING RESILIENCE.**

## **AGM Programme Schedule**

<b>Time</b>	<b>ACTIVITY</b>
8:00 — 9:00	<b>Registration of members and guests</b>
9:00 — 9:05	<b>Ascertainment of quorum by Registrar of co-operatives</b>
9:05 — 9:15	<b>Prayers by Imam / Priest</b>
9:15 — 9:25	<b>Welcome Remarks by the Master of Ceremony</b>
9:25 — 9:35	<b>Keynote Address by Honourable Minister of</b>
9:35 — 9:45	<b>Statement by Registrar of Cooperatives</b>
9:45 — 9:55	<b>Statement by NACCUG General Manager</b>
9:55 — 10:25	<b>Breakfast</b>
10:25 — 10:40	<b>Report by Chairperson Board of Directors</b>
10:40 — 10:50	<b>Report by Treasurer</b>
10:50 — 11:00	<b>Statement by External Auditor</b>
11:00 — 11:30	<b>General Discussions</b>
11:30 — 11:45	<b>Adoption of 2019 AGM minutes</b>
11:45 — 12:45	<b>Resolution</b>
12:45 — 13:25	<b>Nomination and Election of new Board mem-</b>
13:25 — 13:35	<b>Closing remarks and group photo</b>
13:35 — 14:00	<b>Lunch and departure</b>

## **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**

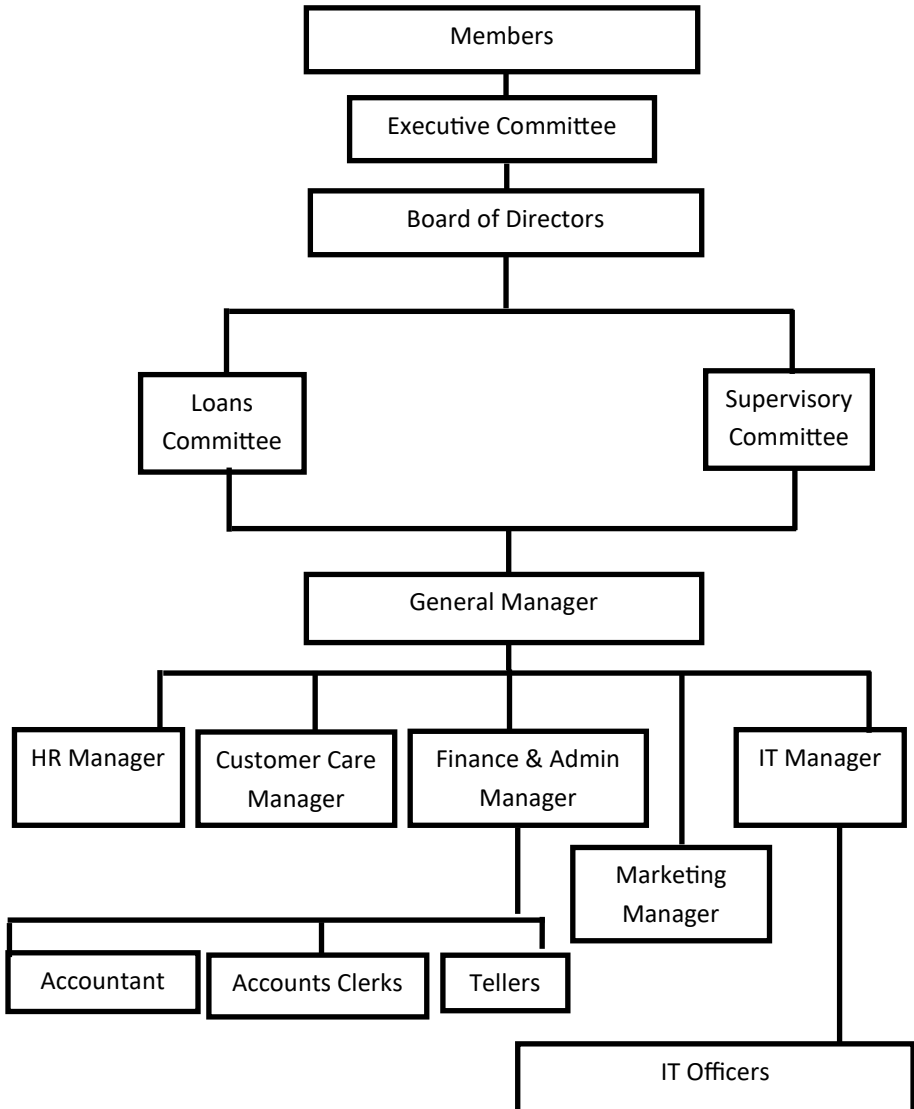
### **Registered office**

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**

<b>NAME</b>	<b>POSITION</b>
Mr. Malang N. Fofona	Chairperson
Mr. Abdou Aziz Ceesay	Vice Chairperson
Mr. Babucarr N. Joof	Secretary
Mr. Lamin P. Fofana	Treasurer
Mrs. Horeja Saine	Member
Mrs. Isatou Ndimballan	Member
Mr. Peter Correa	Member
Mrs. Sosseh Saine	Member
Mrs. Anslick Jammeh	Representative — Bwiam Hospital
Dr. Lamin Sawo	Representative — Bansang Hospital
Mr. Sheriffo Darboe	Representative — Farafenni Hospital
Mrs. Amie T. Bah	Regional Representative — URR
Mr. Ebrima Saidu Leigh	Regional Representative — NBR West
Mr. Ebou Corr	Regional Representative — NBR East
Mr. Sheriff Sisay	Regional Representative — LRR

## **MHSCCU Supervisory Committee**

<b>NAME</b>	<b>POSITION</b>
Mr. Buba Sanneh	Chairman
Mr. Nfamara Ceesay	Secretary
Mr. Assan Sinyan	Member

## BOARD MEMBERS



**MALANG N FOFANA**

**CHAIRMAN**



**ABDOU AZIZ CEESAY**

**VICE CHAIRMAN**



**BABUCARR N. JOOF**

**SECRETARY**



**LAMIN P. FOFANA**

**TREASURER**



**HOREJA SAINE**

**MEMBER**



**SOSSEH SAINE**

**MEMBER**



**AGNES NJIE GOMEZ**

**GENERAL MANAGER**



**PETER CORREA**

**MEMBER**



**FATOU E.H. JARRA**

**MEMBER**

## BOARD MEMBERS



ISATOU NDIMBALAN

MEMBER



SEHRIFFO DARBOE

MEMBER



AMIE T. BAH

MEMBER



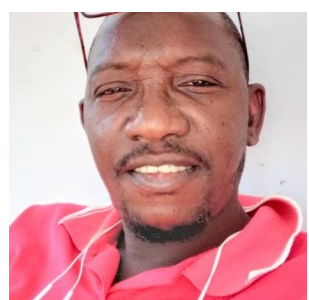
DR LAMIN SAWO

MEMBER



EBOU CORR

MEMBER



SHERIFF SISAY

MEMBER



ANSLICK JAMMEH

MEMBER



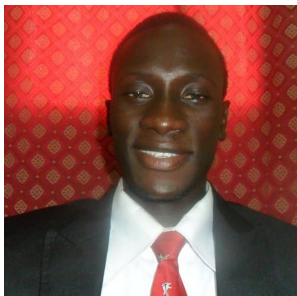
EBRIMA SAÏDY LEIGH

MEMBER

## SUPERVISORY COMMITTEE



**BUBA SANNEH**



**FAMARA CEESAY**



**ASSAN SINYAN**

## Chairman's Report

### **Fellow Members, Distinguished Guests, Ladies and Gentlemen;**

On behalf of the Board of Directors of the Medical and Health Services Cooperative Credit Union (MHSCCU), I have the singular honour and pleasure in welcoming all of you to the 2021 Annual General Meeting of this great 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 all Credit Unions for the purpose of good governance, accountability and transparency.

The Company Law requires that the Board should annually report back to the members about the activities of the Credit Union at an organised highly representative Annual General Meetings (AGM) where the audited accounts of the Credit Union shall be presented and draft resolutions presented for review and adoption or otherwise.

### **Esteemed Members, Distinguished Guests, Ladies and Gentlemen.**

This year's AGM is unique as it encompasses audited financial reports for two years; 2019 and 2020. The threats posed by the COVID-19 pandemic led to the suspension of all public gatherings including the postponement of all AGMs as recommended by the World Health Organization and the Ministry of Health in an effort to control the spread of the disease. Acting on this, the Registrar of Cooperatives directed all Cooperative Credit Unions to suspend all AGMs in 2020 and for this reason, there was no AGM in 2020. This AGM is therefore, a combination of the 2019 and 2020 activities. Although, the 2020 Audit has been conducted and a draft report with a Management Letter were submitted, for which the Board of Directors responded and now awaiting the final report from the Audit Firm.

## **Esteemed Members, Distinguished Guests, Ladies and Gentlemen;**

As we gather to reflect on the gains and challenges of the years 2019 and 2020, I wish to remind all that as a Credit Union we are an autonomous association of members united voluntarily seeking to meet our common economic, social and cultural needs and aspirations premised on the principles of collective ownership and democratic processes.

The years 2019/2020 had been solid performing years for our Credit Union, with members placing their trust in the Medical and Health Services Cooperative Credit Union. For the years under review, the Credit Union reported surpluses of **Three Million, One Hundred and Ninety Six Thousand, One Hundred and Thirty Seven Dalasis (D3, 196,137.00) in 2019** and **Three Million, Four Hundred and Sixty Three Thousand, Six Hundred and Five Dalasis (D3, 463,605.00) in 2020.**

Furthermore, the MHSCCU's overall balance sheet grew by **Twenty Nine Million, Three Hundred and Sixty Three Thousand, Seven Hundred and Seventeen Dalasis (D29, 363,717.00) in 2019** resulting to **35%** growth compared to the 2018 figures. In **2020**, the overall balance sheet grew by **Twenty Eight Million, Four Hundred and Thirty Eight Thousand, Nine Hundred and Ninety Eight Dalasis (D28, 438, 998.00)** resulting to **25%** growth compared to the **2019** figures.

## **Fellow Members, Distinguished Guests, Ladies and Gentlemen,**

It is one year eight months since the first case of COVID 19 was announced in The Gambia but I am grateful, to the resilience demonstrated by our esteemed members and indefatigable staff throughout this challenging times. You remained faithful, steadfast and supportive to the Credit Union and made it stronger than ever before. Members can always count on the MHSCCU to be responsive to their needs as we continue building more resilience together.

Given the significance of this event, I wish to highlight some of the activities successfully undertaken during the financial years 2019 and 2020. The period has been exciting, eventful, challenging but very rewarding for this great Credit Union. The Credit Union maintained its fundamental responsibilities of safeguarding members' savings and availing low interest loans to members as evidenced by the growth in the Credit Union's Savings and loan portfolios. In 2019, the Credit Union disbursed Seventy Nine Million, Fifty Eight Thousand and Four Dalasis and Seventy Two Bututs (D79, 058,004.72) to 3,508 members and Ninety One Million, Nine Hundred and Eighty Seven Thousand Four Hundred and Sixty Five Dalasis and Twenty Two Bututs (D91, 987, 465.22) to 3,364 Members in 2020.

Some of the key activities successfully undertaken in 2019-2020 include:

- ⇒ The Procurement of a standby generator for the MHSCCU HQ
- ⇒ Recruited seven additional Tellers
- ⇒ Recruitment of a Finance and Admin Manager
- ⇒ Recruited 2 security guards
- ⇒ MHSCCU is now secured with armed men (Police Intervention Unit)
- ⇒ Installation of a CCTV camera at the MHSCCU HQ
- ⇒ Procured two fleets of vehicles
- ⇒ Refurbishment of the MHSCCU headquarters (Board Room)
- ⇒ Procurement of IT equipment
- ⇒ Management (General Manager and the Finance and Admin Manager) trained by Central Bank of The Gambia on Money Laundering and Counterterrorism Activities
- ⇒ Some members of staff promoted based on merit
- ⇒ Donated sanitary materials to the Ministry of Health as part of the COVID 19 response
- ⇒ Commissioned new MHSCCU offices (Farafenni and Bansang)
- ⇒ Refurbishment of the EFSTH office

- ⇒ The hiring of legal expert (loan recovery and other legal support)
- ⇒ Tujereng lands finalised and allocated to members
- ⇒ Construction of Borehole for the MHSCCU HQ

I wish to assure you that the Board shall continue pursuing the agenda of addressing challenges for effective and efficient service delivery to our esteemed members. I am also happy to inform you that the Credit Union received approval from the Accountant General's Office for the payment of civil servant salaries under the Ministry of Health. Currently, we have 620 staff from some Hospitals that are receiving their salaries through the Credit Union. I encourage more staff to transfer their salaries to the Credit Union.

Furthermore, a new multipurpose branch shall soon be opened at Talinding Kunjang which shall provide all the Credit Union services including, **Money Transfers and Cash Power sales to members and the general public.**

The Board has also approved the Credit Union's Strategic Plan 2022-2026 with the provision to increase four branches with a view to addressing members growing demands for reliable and convenient access to service delivery. In this regard, the Board has approved the building of branches in Basse, Bansang, Soma and Bwiam in the coming years.

### **Esteemed Members, Distinguished Guests, Ladies and Gentlemen;**

The appropriate lessons drawn from the 2019/2020 fiscal years require the Credit Union to map out proactive strategies for growth, expansion and resilience during pandemics and economic degenerations. On this note, the Board has proposed projects for sustainable growth and resilience interventions through investments in building Lodges instead of wholly relying on members' savings. On this note, the Credit Union plans to build lodges in Farafenni, Kaur, Bansang and Basse. We are hopeful that this will generate substantial revenues as returns on investments to the Credit Union.

In our pursuit towards making the Credit Union's loan products more affordable and competitive, The Board has reviewed the monthly interest rate of



**1.25%** applied to the Special loan and is now reduced to **1.15 %** monthly. The Board has proposed streamlining all loan interests to 1% monthly effective January 2022 pending approval from the General Membership.

In addition to the above, I wish to announce that the Board has approved the introduction of two loan products; School Fees and Consumer Loan which shall be beneficial to the members. Furthermore, the Board is also reviewing proposal for the introduction of Fixed Deposit Accounts for members. The fixed deposit accounts shall remain fixed and non-withdrawable for six or twelve month's period depending on the saver's choice and shall attract fixed interest rates at the chosen periods to members who patronise the product. This is an attractive product and as soon as the product details are finalised, it will be out for marketing.

**Esteemed Members, Distinguished Guests, Ladies and Gentlemen;**

I wish to remind you that a fundamental role 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 Credit Union's policies, procedures and structures. In response to the recommendations from the 2018 Audit Report, the Board without any external technical support has developed and reviewed several strategic policy documents to guide operations of the MHSCCU. These documents include; The Bye Laws, Scheme of Service, Operating Policy and Procedural Manual, Finance and Accounting Manual, Human Resource Policy, Loan Policy, Procurement Policy, Strategic Plan, Staff Loan Policy, Internship Policy, ICT Policy, Data and Privacy Policy, School Fees Loan Policy and the Consumer Loan Policy.

During the year 2020, the Board, Executive, Loans and Supervisory Committees still performed their oversight responsibilities as elected representatives manifested in the number of statutory meetings held despite, the restrictions and challenges brought about by the COVID 19. However, we still kept an eye on the operations of the Credit Union to better serve our members as re-

flected in the achievements mentioned above.

**Esteemed Members, Distinguished Guests, Ladies and Gentlemen;**

Owing to the growing competition in the financial market coupled with the growing population of members of society having no access to banking services, the Board has proposed the review and introduction of policy measures that would not only counter the threats posed by our competitors, but also accommodate other less privileged members of our society who have limited access to savings and loans. In this regard, the Board is recommending opening of the common bond to established institutions for the purpose of competitiveness and financial inclusion to the less privileged members of our society with a view to availing them opportunities to save and prepare for the future of their families. The Board is also proposing the introduction of collateral for guaranteeing loans, for example tendering of a Title Deed or Certificate of Occupancy in the case of land.

I would like to thank my fellow Board Members, Supervisory Committee and the general membership for their relentless cooperation and active participation during this period.

I thank you all for honouring our invitation and look forward to your usual cooperation and support to this great Credit Union.

# Treasurer's Report

On behalf of the Board of Directors, I present to you our annual report and Accounts for the years ending 31<sup>st</sup> December 2019 and 2020. Company law requires the Board of Directors to prepare financial statements for each financial year that 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 Board of Directors are required:

- ⇒ Select suitable accounting policies and then apply them consistently.
- ⇒ Make judgements 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 Board of 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 Treasury Team'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 bases of International Accounting Standards and financial reporting standards as indicated above.

As the accounts have shown, revenue generated through interest on loans amounted to **D9,229,463.00** for the year **2019** compared to **D7,830,051.00** for the year **2018** resulting to **13%** growth in revenue generation. For the year **2020** revenue generations through interest on loans amounted to **D12,901,185.00** reflecting a growth of **28%** compared to **2019** interest income results.

Net operating income grew from **D5, 725,839.00** in 2018 to **D9, 702,686.00** in 2019, representing **40%** growth in net operating income. The year **2020** registered net operating income of **D12, 093, 127.00** compared to 2019 values of **D9, 702,686.00** representing a growth of **20%**

For the year 2019, the Credit Union has registered a net surplus amounting to **D3, 196,137.00** compared to a surplus of **D1, 125,927.00** for the year **2018** resulting to **64%** growth in surplus. In the fiscal year 2020 surplus was **D3, 463,605.00** resulting to **8% growth compared to 2019 surplus**.

I wish to remind members that the devastating effects of COVID-19 had also affected the operations of the Credit Union and its loan recovery activities. Notwithstanding this write off principle, all debts are being pursued and any bad debt paid shall be treated as bad debt recovered. Members are therefore, urged to pay their debts on time.

Interest on Members savings was paid at an unprecedented amount of **D3, 667,787.00** for the year **2019** compared to **D1, 210,616.00** in the year **2018** resulting to **66%** growth. For the year **2020**, interest paid on members savings amounted to **D2, 930, 370.00**. Notwithstanding, members would have observed an unprecedented shoot up in their savings balances due to these interests posted to their accounts during these periods under review.

Assets totals have grown from **2018** values of **D82, 246, 546.00** to **D111, 610, 263.00** in **2019** representing **36%** growth in asset values. In the year **2020**, asset values have risen to **D140, 049,261.00** representing **25%** growth compared to the **2019** figures.

Fellow members, the principal activity of credit unions including MHSCCU, is the provision of access to savings and loan opportunities 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.

For the periods under review, **loans disbursed** to members have also increased from **D53, 083,960.00** for the year **2018** to **D79, 058,004.00** for the year **2019** representing growth of **49%** in loan disbursements. In the year **2020** loan disbursement amounted to **D91, 987, 465.00** representing **16%** growth compared to **2019** figures

Our loan records continues to grow and with your continuing patronage, we will continue on that path in making MHSCCU your first choice. I am delighted to report that our Credit Union is making a positive difference to the lives of our esteemed members.

May I seize this opportunity to remind our esteemed members of MHSCCU that Credit Unions are faced with multitudes of risks and challenges for their survival, growth and self-sustainability. The risks include loan default, liquidity risks, and market risks. However, the principal risks and challenges persistently confronting management and Board that require your attention, understanding, cooperation and support at all times, is loan defaulting. The loan default aspect require members to honour their loan servicing obligations by ensuring that your monthly loan repayments are fulfilled when they are due. Let us be committed to paying our loans on time.

Management and Board's liquidity policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its financial obligations as they fall due. Management in collaboration with the Board shall ensure that the Credit Union remains liquid enough to meet the credit union's operational needs in conjunction with the loan and withdrawal needs of the esteemed members at all times.

Fellow Members, for the years under review, members' savings has also increased from **D67, 593,371.00** in the year **2018** to **D89, 032, 026.00** representing savings growth of **32%**. This rising trend continued for the year **2020** when members' savings rose to **D119, 922,549.00** compared to **2019** representing **35%** growth in member savings.

For the years under review cash and bank balances as at 31<sup>st</sup> December **2019** amounted to **D16, 828,006.00** compared to **D15, 604,728.00** for the year **2018** representing growth by **8%**. In the fiscal year ending 31<sup>st</sup> December **2020**, Cash and Bank balances rose up to **D30, 260, 342.00** compared to **2019** values of **D16, 828,006.00** representing a sharp rise of **80%**.

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.

The current Board has produced a Financial Management Manual that will further guide effective and efficient delivery of quality services. I therefore encourage all members to save more take loans and pay on time without delay.

To conclude, with the current trend, committed Board and Management coupled with prudent financial discipline, may I assure all of you that our Credit Union-Happy Family will continue to grow from strength to strength.

**THANK YOU**

## 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

## Income Statement

for the year ended 31<sup>st</sup> December 2019

		31 <sup>st</sup> December 2019	31 <sup>st</sup> December 2018
	<i>Notes</i>	<b>GMD</b>	<b>GMD</b>
Interest income	7	9,229,463	7,830,038
Interest expense	8	(3,667,787)	(1,210,616)
<b>Net interest income</b>		<b>5,561,676</b>	<b>6,619,422</b>
<i>Other income</i>			
Sundry Income	9	1,825,675	713,484
<b>Total other income</b>		<b>1,825,675</b>	<b>713,484</b>
Credit loss reversal/ (expense)	14	2,315,335	(1,607,067)
<b>Net operating income</b>		<b>9,702,686</b>	<b>5,725,839</b>
<b>Operating expenses</b>			
Personnel costs	10	(1,805,501)	(1,023,938)
Administrative expenses	11	(4,102,185)	(3,483,282)
Depreciation	15	(566,116)	(59,945)
Amortisation	16	(32,747)	(32,747)
<b>Total operating expenses</b>		<b>(6,506,549)</b>	<b>(4,599,912)</b>
<b>Net surplus for the year</b>		<b>3,196,137</b>	<b>1,125,927</b>

# Balance Sheet

## Balance Sheet

As at 31<sup>st</sup> December 2019

	<i>Notes</i>	<b>31<sup>st</sup> December 2019 GMD</b>	<b>31<sup>st</sup> December 2018 GMD</b>
<b>Assets</b>			
Cash and Bank Balances	12	<b>16,828,006</b>	15,604,728
Investments	13	<b>5,707,121</b>	6,221,807
Debtors	14	<b>73,877,746</b>	47,750,558
Property and Equipment	15	<b>15,115,516</b>	12,554,832
Intangible Assets	16	<b>81,874</b>	114,621
<b>Total assets</b>		<b>111,610,263</b>	<b>82,246,546</b>
<b>Liabilities</b>			
Members' Savings	17	<b>89,032,026</b>	67,593,371
Building Fund	21	<b>4,005,304</b>	-
Sundry Creditors	18	<b>6,330,511</b>	280,827
<b>Total liabilities</b>		<b>99,367,841</b>	<b>67,874,198</b>
<b>Equity</b>			
Ordinary Share Capital	19	<b>5,304,061</b>	5,311,729
Statutory Reserve Fund	20	<b>2,440,993</b>	1,641,959
Building Fund	-		4,223,660
Accumulated Fund		<b>4,497,368</b>	3,195,000
<b>Total equity</b>		<b>12,242,422</b>	<b>14,372,348</b>
<b>Total liabilities and equity</b>		<b>111,610,263</b>	<b>82,246,546</b>

# Statement of Cash Flow

## Statement of Cash Flows

for the year ended 31<sup>st</sup> December 2019

		31 <sup>st</sup> December 2019 GMD	31 <sup>st</sup> December 2018 GMD
	<i>Notes</i>		
<b>Operating Activities</b>			
Surplus for the year		3,196,137	1,125,927
Adjustments for:			
Depreciation charges	15	566,116	59,945
Amortisation	16	32,747	32,747
Net interest income		(5,561,676)	(6,619,422)
		(1,766,676)	(5,400,803)
Increase in Debtors		(26,127,188)	(4,601,350)
Increase in Members' savings		21,438,655	13,041,353
(Decrease)/ Increase in Sundry Creditors		6,049,684	(1,686,413)
Increase in building fund		4,005,304	-
Prior year adjustment		(844,824)	-
		2,754,955	1,352,787

# Statement of Cash Flow

Interest income	9,229,463	7,830,038
Interest expense	(3,667,787)	(1,210,616)
<b>Net cash inflow from operating activities</b>	<b>8,316,631</b>	<b>7,972,209</b>
<b>Investing Activities</b>		
Decrease in Investments	514,686	614,087
Payment to acquire tangible fixed assets	(3,126,800)	(3,225,678)
<b>Net cash flow used in investing activities</b>	<b>(2,612,114)</b>	<b>(2,611,591)</b>
<b>Financial Activities</b>		
Issue of ordinary shares during the year	(7,668)	81,318
(Decrease)/Increase in building fund	(4,223,660)	638,700
Dividend paid - ordinary shares	(249,911)	-
<b>Net cash inflow from financing activities</b>	<b>(4,481,239)</b>	<b>720,018</b>
Net increase in cash and cash equivalents	1,223,278	6,080,636
Cash and cash equivalents at 1 January	15,604,728	9,524,092
<b>Cash and cash equivalents at 31 December</b>	<b>16,828,006</b>	<b>15,604,728</b>

# **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:

Building	2%
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, as-

sets 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.

## Notes to the financial statements

	31st December 2019 GMD	31 <sup>st</sup> December 2018 GMD
<b>7 Interest income</b>		
Members' loan	9,030,295	7,599,604
Investment	122,758	167,959
Saving bank account	76,410	62,475
	<u>9,229,463</u>	<u>7,830,038</u>

## 8 Interest expense

Interest paid on deposits	<u>3,667,787</u>	1,210,616
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## 9 Sundry income

Annual dues	679,915	632,250
Entrance fees	56,800	39,800
Sundry income	759,240	8,000
Amount Released to revenue (note 21)	218,356	-
Bad debts recovered	62,008	33,434
Dividend Received on	49,356	0
	<u>1,825,675</u>	<u>713,484</u>

**10 Personnel costs**

Salaries/Wages	<b>1,603,550</b>	837,628
Pension contributions	<b>112,046</b>	56,810
Overtime	<b>26,500</b>	48,500
Provincial Allowance	<b>40,000</b>	57,000
Office provision	<b>23,405</b>	24,000
	<hr/>	
	<b>1,805,501</b>	1,023,938
	<hr/>	

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

	<b>2019</b>	2018
Manager	<b>1</b>	1
General staff	<b>6</b>	5
	<hr/>	
	<b>7</b>	6
	<hr/>	40



## 11 Administrative costs

Board and committee ex-	11.1	455,134	533,856	
Credit union related costs	11.2	1,319,879	629,557	
LSGS Premium		413,598	545,939	
Motor Vehicle Running	11.3	147,057	205,152	
Printing & Stationery		127,820	41,725	
Other expenses		68,139	14,200	
Bank charges		500,257	344,837	
Maintenance equipment		4,000	-	
Annual general meeting		301,325	173,409	
Newspapers & Periodicals		2,700	7,300	
Telephone		11,650	16,500	
Local /International Travel		25,000	425,835	
Maintenance Office		-	59,050	
Miscellaneous expenses		136,617	209,672	
Advertisement		59,800	6,540	
Expenses on Trekking		92,470	66,575	
Donation & Gifts		5,000	60,000	
Software Maintenance		23,310	-	
Building Maintenance		17,650	-	
Office Cleaning		3,050	-	
Fuel and Oil Generator		17,467	-	
Fire Insurance		40,315		
Water Bill		24,847	51,935	
Electricity		171,600	1,200	
Staff & Board CUG Expens-		33,500	15,000	
Audit fee		100,000	75,000	
		4,102,185	3,483,282	

## Board and committee ex- 11.1 penses

Board expenses

Executive committee expenses

Loans committee expenses

Special Committee expenses -

Board training -

Supervisory committee ex-  
penses 24,525 25,350

## 11.2 Credit union related costs

Annual dues - NACCUG

Chapter contributions -

Shares branching cost

Annual licence -ABACUS  
software 210,893 -

International Credit Unions  
Day 15,000 -

Internet Subscription

### 11.3 Motor Vehicle Running Cost

Fuel Motor Vehicle	<b>94,335</b>	133,200
Maintenance Motor Vehicle	<b>13,610</b>	64,748
Motor Vehicle Insurance	<b>38,262</b>	7,204
Vehicle/cycle license & Road tax	<b>850</b>	-
	<hr/>	
	<b>147,057</b>	205,152
	<hr/>	

## 12 Cash and Bank Balances

Current A/C Trust Bank Ltd	<b>9,708,209</b>	6,918,452
Savings A/C Trust Bank Ltd	<b>3,833,970</b>	3,855,994
Current A/C GT Bank Ltd	<b>2,347,592</b>	1,003,009
Savings A/C GT Bank Ltd	<b>2,655</b>	3,037,831
Shares Branching A/C Brikama	<b>158,003</b>	139,350
Shares Branching A/C Kanifing	<b>100,000</b>	100,000
Shares Branching A/C Soma	<b>237,057</b>	34,247
Shares Branching A/Cs (Basse)	<b>208,743</b>	141,441
Shares Branching A/C Farafenni	<b>231,777</b>	374,404
	<hr/>	
	<b>16,828,006</b>	15,604,728
	<hr/>	

	<b>31<sup>st</sup> December 2019</b>	31 <sup>st</sup> December 2018
<b>13 Investments</b>	<b>GMD</b>	<b>GMD</b>
Ordinary Shares 1 investment - NACCUG	<b>12,655</b>	12,227
Ordinary shares 2 - NACCUG	<b>1,446,880</b>	1,397,952
Central Finance Facility - NACCUG	<b>3,871,083</b>	3,748,325
Land for sale at Tujereng	<b>376,503</b>	1,063,303
<b>Total investments</b>	<b>5,707,121</b>	6,221,807

## 14 Debtors

Members' loans	<b>66,050,398</b>	45,146,486
Staff loans and advances	<b>1,714,741</b>	1,919,814
Sundry debtor	-	12,100
Emergency Loans	<b>5,020,595</b>	2,554,502
Tabaski Loans	<b>2,058,608</b>	1,821,938
Loans charge off	<b>1,479,058</b>	1,618,153
	<b>76,323,400</b>	53,072,993
General provision	<b>(2,445,654)</b>	(5,322,435)
	<b>73,877,746</b>	47,750,558

### ***General Provi- sioning***

Opening balance 1.1.2019	<b>5,322,435</b>	5,002,661
Loan loss provision during the year	<b>(2,315,335)</b>	1,607,067
Bad debts writ- ten-off	<b><u>(561,446)</u></b>	<u>(1,287,292)</u>
Closing balance 31.12.2019	<b><u>2,445,654</u></b>	<u>5,322,435</u>

Loan loss provision is calculated using the following ba-  
sis:

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

**Property and  
equipment  
15 ment**

	<b>Building &amp; Infra- structur e</b>	<b>Land</b>	<b>Motor vehicles</b>	<b>Gen- erator</b>	<b>Furni- ture</b>	<b>Com- puters</b>	<b>Equip- ment</b>	<b>Total</b>
<b>Cost/ valua- tion</b>	<b>GMD</b>	<b>GMD</b>	<b>GMD</b>		<b>GMD</b>	<b>GMD</b>	<b>GMD</b>	<b>GMD</b>
<b>Balance at 1st January 2018</b>	7,799,124	1,525,000	248,001	-	35,500	116,000	137,900	9,861,525
<b>Addi- tions</b>	3,011,678	-	-	-	-	54,000	160,000	3,225,678
<b>Dispos- al/Write- offs</b>	-	-	-	-	-	-	-	-
<b>Balance at 31st Decem- ber 2018</b>	10,810,802	1,525,000	248,001	-	35,500	170,000	297,900	13,087,203
<b>Addi- tions</b>	107,000	-	1,908,500	600,000	216,000	89,000	206,300	3,126,800
<b>Dispos- al/Write- offs</b>	-	-	-	-	-	-	-	-
<b>At 31st Decem- ber 2019</b>	<u>10,917,802</u>	<u>1,525,000</u>	<u>2,156,501</u>	<u>600,000</u>	<u>251,500</u>	<u>259,000</u>	<u>504,200</u>	<u>16,214,003</u>

## Depreciation

Balance at 1st January 2018	-	-	248,001	-	27,450	92,800	104,175	472,426
Charges Disposal/Write-offs	-	-	-	-	3,825	23,600	32,520	59,945
Balance at 31st December 2018	-	-	248,001	-	31,275	116,400	136,695	532,371
Charges Disposal/Write-offs	218,356	-	190,850	22,500	33,825	39,000	61,585	566,116
At 31st December 2019	<b>218,356</b>	<b>-</b>	<b>438,851</b>	<b>22,500</b>	<b>65,100</b>	<b>155,400</b>	<b>198,280</b>	<b>1,098,487</b>

## Net Book Value

Balance as at 31st December 2019	<b>10,699,446</b>	<b>1,525,000</b>	<b>1,717,650</b>	<b>577,500</b>	<b>186,400</b>	<b>103,600</b>	<b>305,920</b>	<b>15,115,516</b>
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Balance as at 31st December 2018	<b>10,810,802</b>	<b>1,525,000</b>	<b>-</b>	<b>-</b>	<b>4,225</b>	<b>53,600</b>	<b>161,205</b>	<b>12,554,832</b>
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## 16 Intangible Assets

	Abacus software GMD	Total GMD
<b>Cost/valuation</b>		
Balance at 1st January 2018	327,478	327,478
Additions	-	-
Disposals	-	-
Balance at 31st December 2018	327,478	327,478
Additions	-	-
Disposals	-	-
<b>Balance at 31st December 2019</b>	<b><u>327,478</u></b>	<b><u>327,478</u></b>
<b>Amortisation</b>		
Balance at 1st January 2018	180,110	180,110
Charges	32,747	32,747
Disposals	-	-
Balance at 31st December 2018	212,857	212,857
Charges	32,747	32,747
	-	-
<b>Balance at 31st December 2019</b>	<b><u>245,604</u></b>	<b><u>245,604</u></b>
<b>Net Book Value</b>		
<b>Balance as at 31st December 2019</b>	<b><u>81,874</u></b>	<b><u>81,874</u></b>
Balance as at 31st December 2018	<u>114,621</u>	<u>114,621</u>



## Notes to the financial statements

31 <sup>st</sup> Decem-ber	31 <sup>st</sup> Decem-ber
2019	2018
GMD	GMD

### 17 Members' savings

Members' Savings	<u>89,032,026</u>	<u>67,593,371</u>
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### Sundry creditors

Members contributions- Others  
Accruals - Audit fees

<b>6,230,511</b>	205,827
<b>100,000</b>	75,000
<u><b>6,330,511</b></u>	<u>280,827</u>

Members' savings represents deductions from members' salaries by their employers on their behalf and remitted directly to the Union. Members also do direct cash savings at the Credit Union. There is no restriction on the number of withdrawals and the amount that members are allowed to make but cannot overdraw their savings.

## **Members contributions- Others**

### **18.1**

The reconciliation adjustments relates to funds transferred into the Union's bank accounts from employers on behalf of their members. These amounts are recognised as liabilities until posted to the members' respective loans and savings accounts.

## **Ordinary share**

### **19 capital**

MHSCCU may issue an unlimited number of ordinary shares and may, at its option and with the approval of the directors, redeem its shares. The shares have a par value of GMD600 per share, and each member shall hold a minimum of one share and shall subscribe to one additional new share each year. There are no restrictions on the number of ordinary shares that may be held by a member shareholder except that a member may not subscribe to more than one new ordinary shares of MHSCCU each year. The holders are entitled to receive dividends as declared from time to time. Each ordinary shareholder is entitled to one vote at the Annual General Meeting or Special General Meeting.

The shares can only be redeemed when the shareholder ceases to be a member and close all accounts held at the Union. The par value of the shares and any unpaid dividend is paid to the shareholder net of any liabilities owed to the union.

In the event of liquidation, dissolution or winding-up, all shareholders participate equally in the residual net surplus of MHSCCU, after paying off creditors.

**20 Statutory reserve fund**

The statutory reserve fund represents transfers made from the union's net profits over the years. Section 37 of The Co-operatives Societies Act 1990 provides for at least 20% of the union's net profits to be transferred to the statutory reserve fund. The board has adopted the policy to transfer 25% of net profits to the statutory reserve which is more than the minimum amount required by the above act.

The statutory reserve fund is distributable to shareholders upon liquidation of the union.

**Building  
21 fund**

The building fund represents members' contributions towards the building of the Union's head office building. Since the Building is completed, every year, an amount equal to the depreciation charged is amortised as grant income to income statement.

Balance B/F	-	-
Additions during the year	4,223,660	4,223,660
Amount Release to Revenue	(218,356)	-
Balance C/F	4,005,304	4,223,660

**22      Taxation**

The Credit Union is exempted from the payment of corporate income tax pursuant to Section 25(2) (d) of the Income and Value Added Tax Act 2012.

**23      Dividend**

Ordinary dividend paid	<b>249,911   -</b>
	<hr/>