

15th

Annual Report

1979

MAIN ROADS STAFF CREDIT UNION LIMITED

Board of Directors

M. A. LLOYD (*Chairman*)
H. MUDIE M. B. FAIRLIE
C. W. LACY K. D. HADLEY
E. J. HANLON G. VASSALLO

Administration

D. L. JONES (*Secretary/Manager*)
L. DARE
I. OGILVIE
S. DEWSON

Auditors

BERNARD F. COFFEY, B.Ec., A.A.S.A.
P.O. Box 140, Woollahra

Solicitors

J. B. LANGE & BURKE
233 Macquarie Street, Sydney

Bankers

Bank of New South Wales
Pitt Street, Sydney

CHAIRMAN'S REPORT

It is with pleasure and a great deal of satisfaction that I present to the members, on behalf of the Board, the 15th Annual Report and audited Balance Sheet and Income and Expenditure Statement for the year ended 30th June, 1979.

This is the fourth report on the Credit Union's activities that I have submitted on behalf of the Board of Directors. The three previous reports recorded the steady growth of the Credit Union. However, 1978/79 has shown phenomenal growth in all aspects of the Credit Union's operations. For example, it took 10 years to accumulate our first million dollars in assets, the second million dollars was raised in almost four years, whilst the third million dollars was raised in just over one year.

MEMBERSHIP:

The number of members at the 30th June, 1979, totalled 3,357 compared with 2,895 of the previous year. 699 new members were welcomed during the year whilst 237 members resigned — making a net increase of 462.

OPERATION:

Total income of the Credit Union amounted to \$311,329. Earnings from loans to members increased by \$65,112 or 30% despite a 0.5% reduction in the interest rate from January, 1979. An increase of \$7,190 in investments and bank interest was due mainly to the improved liquidity of the Credit Union and the transfer of investments away from Building Societies to long term Semi Government Stock at a more acceptable rate of interest.

Interest paid to members accounted for \$201,394 or 75% of the total outgoings of \$269,970.

The nett surplus of \$41,359 was achieved for 1978/79 and is considered a satisfactory trading result when compared with the surplus of the previous year of \$24,444.

SAVINGS:

Last year I reported that savings exceeded \$2 million for the first time since incorporation of your Credit Union in 1964. At the close of business this year, savings have jumped to almost \$3 million, an increase of \$821,043 or a staggering 39%.

Two significant changes to the savings services offered to members were introduced during the year following the State Government's reduction of Credit Union interest rate from 10% to 9% per annum. In order to provide members with the best possible and competitive rate the Board decided to:-

1. *Reduce the interest rate on "on call" deposits from 9.5% to 9% p.a. in accordance with the Govern-*

ment's instruction, but to pay interest to members in January and July each year.

2. Introduce "Term Savings Investments" of 3 months (9.5% p.a.) and 6 months (9.75% p.a.).

LOANS:

The increased savings have enabled the Board to consider a record number of 975 loan applications totalling \$1,750,000 during the year. It has also enabled the waiting time on loans to be reduced to an absolute minimum.

Interest on loans was also reduced during the year to a very attractive 12.5% per annum calculated at fortnightly rests. For comparison with the "flat rate" of interest offered by other financial institutions, your Credit Union rate is equivalent to a flat rate of 6.6% per annum over the full term of the loan.

BAD DEBTS:

NO bad debts were written off during the year. However, it was necessary to transfer three delinquent loans to our debt collectors with satisfactory results in two cases and legal action on the third account continuing.

A.C.C.U.:

Your Credit Union was well represented at a number of conferences and functions at the recent tri-ennial conference of the World Council of Credit Unions. Australian Credit Unions are certainly on the move throwing out a serious challenge to the long established financial institutions. The Main Roads Credit Union is part of this move forward through its affiliation with the Association of Central Credit Unions Limited.

APPRECIATIONS:

On behalf of the Directors I wish to take this opportunity to express our sincere appreciation to:

The Commissioner and Deputy Commissioner for their continued support of this Credit Union.

The various committees and numerous D.M.R. employees in all offices throughout the state for their assistance to the Board and Staff of the Credit Union. The Credit Union most certainly would not be the organisation it is today without the assistance and co-operation of these people.

Finally, on behalf of the Board and the members, I would like to extend their appreciation and good wishes for the future to Noel King, who retired from the Department and the Board in January, 1979. Noel, a foundation Board Member, worked assiduously for almost 15 years for the benefit of the members.

CONCLUSION:

After 15 years of steady progress your Credit Union has at last come of age. As foreshadowed last year, we now have the backing of the Credit Union Savings Reserve Fund. We also have the turnover and stability to offer members a complete and competitive financial service.

The Directors look forward to you, the member, making full use of the services now available. It is only with your support that the Credit Union will continue to succeed.

M. A. LLOYD, Chairman of the Board.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30th JUNE, 1979

1978		1979	
\$		\$	\$
	INCOME		
219,419	Interest on Loans	284,531	
19,258	Interest on Investments	26,448	
260	Entrance Fees	350	
<u>238,937</u>			<u>311,329</u>
	Less:		
152,414	Interest paid on Members Savings	201,394	
399	Interest A.C.C.U.	—	
<u>152,813</u>			<u>201,394</u>
86,124			<u>109,935</u>
	EXPENDITURE		
658	Affiliation Fees	452	
13	Advertising	—	
1,800	Audit Fee (See Note 3)	1,880	
4,678	Bad Debts Written Off	—	
1,207	Bank Charges	328	
180	Brokerage	—	
1,300	Computer Hire	1,300	
30	Debt Collection Fees	90	
159	Depreciation	270	
865	General Expenses	1,122	
480	Honorariums	660	
7,610	Insurance — Loan Protection	8,492	
505	— Fidelity Guarantee	505	
99	— Workers Comp.	91	
1,277	Postage and Stamp Duty	1,262	
1,733	Printing and Stationery	1,629	
400	Program Amendment	50	
4,000	Provision for Doubtful Debts	9,000	
1,320	Provision for Income Tax	—	
379	Provision for Staff Leave	1,900	
750	Rent	750	
27	Repairs and Maintenance	—	
31,560	Salaries	38,107	
650	Superannuation	688	
<u>61,680</u>			<u>68,576</u>
	Operating Surplus Transferred		
24,444	to Appropriation		<u>41,359</u>

BALANCE SHEET AS AT 30th JUNE, 1979

1978		1979
\$		\$ \$
	MEMBERS FUNDS	
28,950	Members Share Capital	33,570
42,205	Statutory Reserve	54,343
382	Asset Revaluation Reserve	382
41,510	Appropriation (See Note 2)	71,318
113,047		159,613
	MEMBERS DEPOSITS	
2,115,083	Members Savings	2,547,752
—	Members Term Savings	388,374
2,115,083		2,936,126
	CURRENT LIABILITIES	
4,699	Accrued Charges	3,356
—	Accrued Interest	5,846
2,520	Provision for Staff Leave	4,420
1,320	Provision for Income Tax	—
—	Sundry Creditors	86
8,539		13,708
2,236,669	TOTAL LIABILITIES	3,109,447

Notes to, and forming part of the financial statements

1. Basis of Preparation of Accounts.

The Accounts have been prepared in accordance with conventional historical principles and have not been adjusted to take into account either changes in the general purchasing power of the dollar or changes in the prices of specific assets.

1978		1979	
\$		\$	\$
	FIXED ASSETS		
	Office Furniture and Fittings		
2,592	— At cost less Depreciation		2,604
	ADVANCES		
1,879,548	Loans to Members	2,598,644	
19,000	Less: Provision for Doubtful Debts	28,000	2,570,644
<u>1,860,548</u>			
	INVESTMENTS		
10	Shares — A.C.C.U.	10	
122,832	Deposit — A.C.C.U.	104,729	
50,000	Sydney Water Board	50,000	
18,000	Australian Resources Develop. Bank	18,000	
—	Primary Industry Bank of Australia	30,000	
5,000	St. George Permanent Bldg. Society	—	
<u>195,842</u>			202,739
14,288	SAVINGS RESERVE FUND		19,998
	CURRENT ASSETS		
3,040	Cash on Hand	6,200	
317	Prepayments	138	
1,616	Accrued Interest on Investments	3,182	
158,426	Cash at Bank — Interest Bearing	303,942	
<u>163,399</u>			313,462
<u>2,236,669</u>			<u>3,109,447</u>

Statements

2. Movements in the Appropriation were as follows:		
Balance brought forward July 1, 1978		41,510
Add: Overprovision for taxation 1977-1978 year	587	
Operating surplus transferred from Income and Expenditure A/c as at June, 30 1979	41,359	41,946
		<u>83,456</u>
Less: Transfer to Statutory Reserve		12,138
Balance carried forward June 30, 1979		<u>\$71,318</u>
3. The Auditor received no other benefits.		

AUDITOR'S REPORT TO THE MEMBERS

I have examined the Books, Accounts and Vouchers of the Credit Union and have obtained all the explanations and information which, to the best of my knowledge and belief, were necessary for the purpose of the Audit.

In my opinion, proper Books of Account have been kept so far as appears from my examination of the Books, and the Balance Sheet and Income and Expenditure Statement dealt with in this Report are in agreement therewith, and to the best of my information and the explanations given me, the said Accounts give the information required by or under the Act in the manner so required and give a true and fair view of the state of the Credit Union's affairs for the year ended 30th June, 1979.

In my opinion, the Register of the Members and other Records which the Credit Union is required to keep by or under the Act or by its Rules have been properly kept and the Rules relating to the administration of the funds of the Credit Union have been observed.

BERNARD F. COFFEY

*(Registered under the Public Accountants
Registration Act, 1945 — as Amended)*

Sydney, July 31, 1979.

REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee has carried out a thorough examination of the records, books and procedures of the Main Roads Staff Credit Union Limited during the year ended 30th June, 1979.

The examination has revealed that the receipt and payment of moneys, the registration and safekeeping of securities and all other matters have been properly accounted for and that the Credit Union is keeping all records it is required to keep and is conducting its affairs in a proper manner and in the best interests of its members.

The Committee wishes to place on record its appreciation of the assistance given by Mr. F. A. Smith in the examination and checking of records during the year.

*Signed: J. R. Hardie G. W. Dennett
N. W. Jackson R. Bradley*

Dated: 10th August, 1979.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 15th Annual General Meeting of the Main Roads Staff Credit Union Limited will be held in the second floor Conference Room, 309 Castlereagh Street, on Wednesday, 19th September, 1979 commencing at 1.05 p.m.

BUSINESS

- To confirm the minutes of the 14th Annual General Meeting held on Wednesday, 20th September, 1978.
 - To receive the Chairman's Report, Auditor's Report, Supervisory Committee Report, the Income & Expenditure Account and Balance Sheet for the year ended 30th June, 1979.
 - To elect three Directors.
Messrs. C. W. Lacy, K. D. Hadley and K. Edgar retire in accordance with the rules and offer themselves for re-election.
 - To confirm the 1978 election of Messrs. M. A. Lloyd, H. Mudie and E. J. Hanlon as Directors in accordance with the rules of the Credit Union.
 - To elect two members to the Supervisory Committee.
Messrs. R. Bradley and G. Dennett retire in accordance with the rules and offer themselves for re-election.
 - To appoint an Auditor and fix his remuneration.
 - To place the following special resolution before the members for adoption:
"That the rules of the Credit Union be rescinded and that in lieu thereof the Credit Union adopt as its rules the new set of rules as placed before and settled at this meeting."
- A copy of the rules to be placed before the meeting is available for inspection by members at the Credit Union office, 309 Castlereagh Street, Sydney. They comprise the standard form of rules issued by the Registrar of Credit Unions suitably amended to meet the particular requirements of the Credit Union.
- To transact any other business that may be brought forward in accordance with the rules.

Nomination forms for the appointment of Directors and Members of the Supervisory Committee are available on application from the undersigned. Nominations will close at 3 p.m. on 11th September, 1979, with the Secretary of the Credit Union. If required, a ballot will be conducted at the Annual General Meeting.

By Order of the Board,
D. L. JONES, Secretary.