

18th

# Annual Report

1982

## Board of Directors

M. A. LLOYD (*Chairman*)

H. MUDIE

E. J. HANLON

K. D. HADLEY

G. VASSALLO

A. J. R. WATSON

C. N. PENNEY

## Administration

D. L. JONES (*Secretary/Manager*)

L. WILLIAMS

I. HOFFMAN

S. JENSEN

C. RITCHIE

## Auditors

HOLMES & HARRINGTON

54 Park Street, Sydney

## Solicitors

J. B. LANGE & BURKE

Cnr. King and George Streets, Sydney

## Bankers

BANK OF NEW SOUTH WALES

Pitt Street, Sydney

MAIN ROADS  
STAFF CREDIT UNION  
LIMITED

## CHAIRMAN'S REPORT — 1981/82

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I have much pleasure in presenting to the members, on behalf of the Board, the 18th Annual Report, Audited Balance Sheet and Income and Expenditure Statement for the year ended 30th June, 1982. This is my seventh and final report to members as I have retired from the Department's services after 44 years and look forward to a more leisurely existence.

There is no doubt that 1981/82 has been a difficult year for all concerned. The finance industry was hit by constant changing of interest rates and a massive invasion by Cash Management Trusts which has had a tremendous effect on established financial institutions. Your credit union was no exception. Despite these pressures, income exceeded expenditure by \$84,383, credit union liquidity was increased and generally business transacted by the credit union increased during the year. However, the overall growth of the credit union slowed during 1981/82 as detailed on the growth chart shown in this report.

Members were again encouraged to consolidate their financial position with the credit union. This resulted in an increase of almost 24% in interest paid to members due mainly to an increasing number of members converting their savings to term investment accounts and higher interest rates. Amounts held in term investment accounts increased by 33% and now account for 36% of all members' deposits.

Total membership of the credit union decreased during the year by a net 137 members or 3.1%. The main reasons for the reduction are:

- The transfer to suspense of a number of inactive accounts of members who have resigned from the Department and cannot now be located.
- The number of persons employed by the Department fell by 1250 or 12%.

The Board is forever conscious of providing low cost loans to the Department's employees, however the current climate of constant interest rate rises created the need to match the rights of depositors with the needs of borrowers. As a result loan interest charges were increased to an effective rate of 15% p.a., which is still very competitive within the market. The slow rate of deposit growth has resulted in the demand for credit union loans far exceeding the funds available and is reflected in the downturn of loans granted during 1981/82.

A decision was made during the first half of 1981/82 to have consultants review the overall operations of the credit union with a view to improving member services. As a result of this review the Board approved the purchase of a micro computer and printer and retained Planning Research Corporation Pty. Ltd. to write the necessary programmes. Total cost of the project will be in the vicinity of \$65,000 and will provide members with a wider range of savings accounts comparable with other institutions, daily interest calculations and immediate update of members' savings. This is the first change in recording members' accounts since 1973 and is expected to improve member service and deposit growth with a resulting increase in funds available for lending.

### Appreciations

On behalf of my fellow Directors, I wish to welcome the many new members to the credit union and to acknowledge the continued support of the credit union and its ideal by the membership.

The Directors and I also extend our sincere appreciation to:

The Commissioner and Deputy Commissioner for their continued support of the credit union.

The various committees and numerous DMR employees



in all offices throughout the State who have ably assisted the Board and staff and furthered the cause of the credit union.

The very best wishes for the future and thanks for past help and support are also extended to Kel Edgar, who resigned from the Department and the Credit Union Board after almost three years of dedicated service to members.

My own personal thanks are extended to my colleagues on the Board and the credit union staff for their continued efforts and loyal support during my term as Chairman.

I particularly desire to express my appreciation of the efforts made for the credit union by Mr Don Jones, the Secretary/Manager. We have been very fortunate in having a man as capable and as conscientious as Don. He has been of tremendous assistance to me and I thank him sincerely.

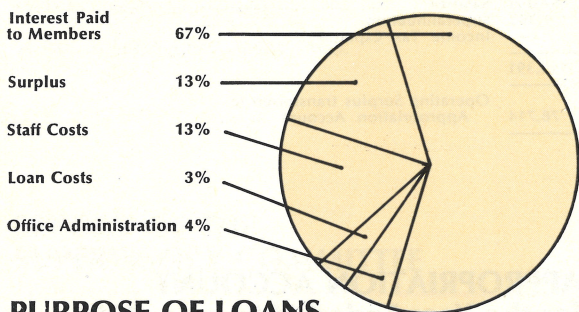
## Conclusion

The Main Roads Credit Union was established to improve the welfare and standard of living of DMR employees and their families. From a very small beginning of 182 members and \$24,000 in assets after the first year, the credit union has thrived on its self help philosophy and now reaches into every office of the State. It has resisted the need to expand its boundaries or merge with bigger, more powerful, impersonal organisations to remain a self help organisation run by DMR people for DMR people.

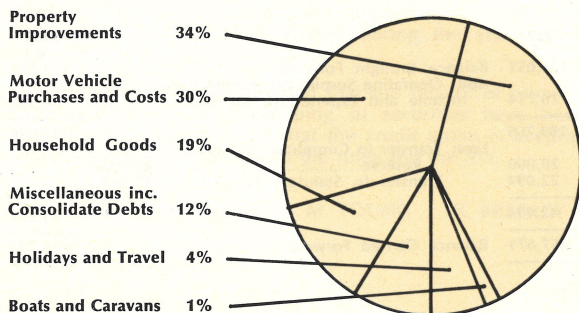
I believe that your credit union is a sound, well based and secure financial enterprise which will grow from strength to strength with your continued support. I commend the credit union and its ideal to all employees of the Department and their families.

M. A. LLOYD, Chairman of the Board

## HOW YOUR INCOME WAS USED



## PURPOSE OF LOANS



# INCOME AND EXPENDITURE ACCOUNT for the Year Ended 30th June, 1982

1981		1982
\$		\$      \$
536,695	<b>INCOME</b> Interest on Loans .....	603,804
33,403	Interest on Investments .....	61,538
413	Entrance Fees .....	207
570,511		665,549
	<b>Less:</b>	
261,161	Interest Paid on Members' Savings— At Call .....	249,360
102,005	Term Savings .....	199,976
18,240	Interest on ACCU Loan .....	4,960
381,406		454,296
189,105		211,253
	<b>EXPENDITURE</b>	
—	Advertising .....	25
515	Affiliation Fees .....	480
2,808	Audit Fees — Note 2 .....	3,309
6,268	Bad Debts Written Off .....	357
2,188	Bank Charges .....	2,696
—	Cash Delivery Service .....	726
1,300	Computer Hire .....	1,300
—	Computer Systems Study .....	6,630
93	Debt Collection Fees .....	1,151
432	Depreciation — Note 3 .....	774
2,416	General Office Expenses .....	2,647
800	Honorariums .....	500
1,003	Staff Training .....	—
8,410	Insurance — Loan Protection .....	3,906
891	— Fidelity .....	1,649
147	— Workers' Compensation .....	136
2,759	Postage and Stamp Duty .....	1,861
2,665	Printing and Stationery .....	3,530
7,000	Provisions — Doubtful Debts .....	11,000
1,280	— Staff Leave .....	1,900
1,000	Rent .....	1,000
34	Repairs and Maintenance .....	205
67,039	Salaries .....	78,394
1,343	Superannuation .....	1,347
—	Income Tax Expense .....	1,347
110,391		126,870
78,714	Operating Surplus transferred to Appropriation Account .....	84,383

# APPROPRIATION ACCOUNT for the Year Ended 30th June, 1982

1981		1982
\$		\$
121,051	Balance Brought Forward .....	157,671
78,714	<b>Add:</b> Operating Surplus transferred from Income and Expenditure Account .....	84,383
199,765		242,054
	<b>Less:</b> Transfer to Computer Conversion Reserve .....	20,000
20,000	Transfer to Statutory Reserve ....	25,297
22,094		45,297
42,094		45,297
157,671	Balance Carried Forward .....	196,757



# BALANCE SHEET as at 30th June, 1982

1981		1982	
\$		\$	\$
	<b>FIXED ASSETS</b>		
—	Computer Software Development ....	22,957	
5,494	Office Furniture and Fittings at cost .....		16,447
1,728	Less: Provision for Depreciation .....	2,502	
		<u>13,945</u>	
<u>3,766</u>			36,902
	<b>ADVANCES</b>		
4,534,066	Loan to Members .....	4,572,656	
46,000	Less: Provision for Doubtful Debts	57,000	
<u>4,488,066</u>			<u>4,515,656</u>
	<b>INVESTMENTS</b>		
50,000	Sydney Water Board .....	—	
10	Shares in ACCU .....	10	
220,900	ACCU Interlend Deposits .....	386,090	
50,000	Department of Main Roads .....	50,000	
18,000	Australian Resources Development Bank .....	15,000	
30,000	Primary Industry Bank of Aust. ....	30,000	
<u>368,910</u>			481,100
32,702	<b>SAVINGS RESERVE FUND — Note 4</b>		<u>35,526</u>
	<b>CURRENT ASSETS</b>		
9,200	Cash on Hand .....	11,200	
13,565	Cash at Bank—Interest Bearing .....	104,373	
240	Prepayments .....	240	
7,895	Accrued Interest on Investments .....	9,073	
<u>30,900</u>			<u>124,886</u>
<u>4,924,344</u>	<b>TOTAL ASSETS</b> .....		<u>5,194,070</u>
	<b>MEMBERS' FUNDS</b>		
	Issued Capital 21,200 shares of \$2 each fully paid .....	42,400	
43,770	Statutory Reserve .....	119,047	
93,750	Asset Revaluation Reserve .....	382	
382	Computer Conversion Reserve .....	40,000	
20,000	Appropriation Account .....	196,757	
157,671			<u>398,586</u>
<u>315,573</u>			
	<b>MEMBERS' DEPOSITS</b>		
3,144,606	Savings — At Call .....	3,035,112	
1,278,561	Term Investments .....	1,698,612	
<u>4,423,167</u>			<u>4,733,724</u>
	<b>CURRENT LIABILITIES</b>		
5,989	Accrued Charges .....	6,384	
28,025	Accrued Interest .....	44,187	
7,700	Provision for Staff Leave .....	9,600	
199	Sundry Creditors .....	242	
143,691	ACCU Loan Borrowings .....	—	
—	Provision for Taxation .....	1,347	
<u>185,604</u>			<u>61,760</u>
<u>4,924,344</u>	<b>TOTAL LIABILITIES</b> .....		<u>5,194,070</u>

# 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 cost principles, together with the basic concept of going concern and the accrual basis of accounting, 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.

## 2. AUDIT FEES

The Auditor received no other benefits.

## 3. DEPRECIATION

Depreciation is calculated on a diminishing value basis so as to write off the net cost of each fixed asset over its effective working life.

## 4. SAVINGS RESERVE FUND

Deposits are made in accordance with the Credit Union Act and are available to the Savings Reserve Board to provide protection of the savings of members. Deposits are refundable only in the case of liquidation of this credit union.

## 5 YEAR GROWTH CHART

	1978	1979	1980	1981	1982	% INCREASE 1981/82
MEMBERSHIP .....	2,895	3,357	3,878	4,377	4,240	3.1 (—)
TOTAL ASSETS .....	2,236,669	3,109,447	4,190,580	4,924,344	5,194,071	5.5
MEMBERS' LOANS .....	1,860,548	2,598,644	3,888,905	4,534,066	4,572,656	0.9
LOANS GRANTED EACH YEAR .....	1,456,356	2,037,928	3,118,214	3,010,243	2,530,524	15.9 (—)
LOANS GRANTED SINCE FORMATION .....	7,116,170	9,154,098	12,272,312	15,282,555	17,813,079	16.6
MEMBERS' SAVINGS .....	2,115,083	2,936,126	3,781,503	4,423,167	4,733,724	7.0
GROSS INCOME .....	238,937	311,329	435,062	570,511	665,549	16.7
INTEREST PAID TO MEMBERS .....	152,414	201,394	279,019	363,166	449,336	23.7
TOTAL TURNOVER .....	3,487,580	4,727,893	6,168,367	8,390,869	9,345,558	11.4
NUMBER OF STAFF .....	4	4	5	5	5	
MEMBER/STAFF RATIO .....	723	839	775	875	848	



# AUDITOR'S REPORT TO THE MEMBERS

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We have examined the books of account and records of Main Roads Staff Credit Union Limited for the year ended 30th June, 1982, and have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion, proper books of account have been kept by Main Roads Staff Credit Union Limited, so far as appears from our examination of those books and the Balance Sheet, Appropriation and Income and Expenditure Statements, read in conjunction with the subject notes thereon, dealt with by our report are in agreement therewith and to the best of our information and according to the explanations given to us, the said accounts give information required by or under the Credit Union Act, 1969, in the manner so required and give a true and fair view of the state of the credit union's affairs as at 30th June, 1982, and the surplus for the financial year then ended.

In our opinion, the Register of Members and other records which the credit union is required to keep by or under the said 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.

PAUL F. GREW (Partner)

HOLMES & HARRINGTON  
Chartered Accountants

Registered under the Public Accountants'  
Registration Act, 1945, as amended.

SYDNEY: 27th August, 1982.

54 Park Street, Sydney, N.S.W. 2000.

## REPORT OF THE SUPERVISORY COMMITTEE

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The Supervisory Committee has carried out an examination of the records, books and procedures of the Main Roads Staff Credit Union Limited during the year ended 30th June, 1982.

The examination has revealed that the receipt of moneys, the registration and safekeeping of securities have been properly accounted for and that the credit union is keeping its records in accordance with the rules and the Act.

Signed: M. YOUNG R. BRADLEY

Dated: 27th August, 1982.

# NOTICE OF ANNUAL GENERAL MEETING

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*Notice is hereby given that the 18th Annual General Meeting of the Main Roads Staff Credit Union Limited will be held in the second floor Conference Room, 309 Castle-reagh Street, on Friday, 24th September, 1982, commencing at 1.05 p.m.*

## **BUSINESS:**

- To confirm the Minutes of the 17th Annual General Meeting held on Wednesday, 30th September, 1981.
- To receive the Chairman's Report, Auditor's Report, Supervisory Committee's Report, the Income & Expenditure Account and Balance Sheet for the year ended 30th June, 1982.
- To elect four Directors.  
Messrs M. A. Lloyd, H. Mudie, E. J. Hanlon and G. Vassallo retire in accordance with the rules and all except Mr M. A. Lloyd offer themselves for re-election.
- To elect two members to the Supervisory Committee.  
Mr M. Young retires in accordance with the rules and offers himself for re-election.
- To appoint an Auditor and fix his remuneration.
- 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 20th September, 1982, 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