

22nd
*Annual
Report*
1986

MAIN ROADS STAFF
CREDIT UNION LIMITED

BOARD OF DIRECTORS

G. D. O'CONNOR (Chairman)

G. VASSALLO

R. S. SINCLAIR

A. J. R. WATSON

R. C. BELL

D. R. WILLIAMS

R. B. McDOWELL

ADMINISTRATION

D. L. JONES (Secretary/Manager)

L. WILLIAMS

S. JENSEN

I. OGILVIE

C. HILL

L. GEASON

AUDITORS

PEAT MARWICK MITCHELL & CO.

Australia Square, Sydney

SOLICITORS

J. B. LANGE & BURKE

Cnr King and George Streets, Sydney

BANKERS

ANZ BANKING CORPORATION

88 Wentworth Avenue, Sydney

CHAIRMAN'S REPORT 1985/86

It is my pleasure to submit the 22nd Annual Report, Audited Balance Sheet and Income and Expenditure Statement for the year ended 30th June, 1986.

The Credit Union has again achieved record levels of growth. A huge increase in turnover from \$15.9M to \$20.7M and in total assets by nearly \$2M to \$10.6M in just 12 months clearly show the continuing support by members of this most successful co-operative enterprise.

Other highlights of the financial year were:

- Loans to members increased by 36% and members' savings and investments by 23%.
- Interest paid to members increased by 28% and represented a return to members of 64% of gross income.

Membership increased to a total of 4950, which is a 5% rise on the previous year's total.

As shown in the Income and Expenditure Account, there was a net surplus of \$165,609, which has been transferred to the Appropriation Account to further consolidate the Credit Union's financial position. The General Reserve in this account (now totalling over \$500,000) is carefully applied to keep members' benefits at the highest levels.

The success achieved by this Credit Union is due to the continued support by the Commissioner for Main Roads and the Deputy Commissioner and by the many people working together with a commitment to common goals.

I extend my thanks to all supportive members and volunteers, my fellow Directors and to Bob Bradley of the Supervisory Committee. I also record appreciation of the efficient and loyal service of the Secretary/Manager, Don Jones, and his staff.

CONCLUSION

The Credit Union is committed to being a strong, safe and secure financial organisation, well managed and competitive but with a warmth and friendliness of spirit.

We can look forward to a secure and prosperous future for the Credit Union.

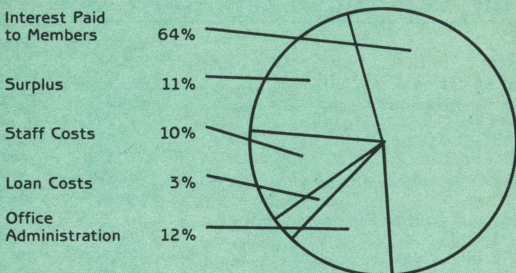
For and on behalf of the Board,

GLENDON O'CONNOR
Chairman of the Board

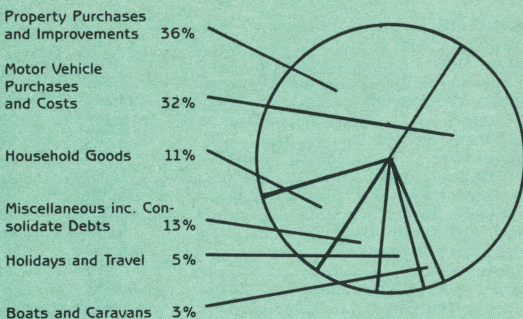
5 YEAR GROWTH CHART

	1982	1983	1984	1985	1986	% Increase of 1986 over 1985
Membership	4,240	4,314	4,574	4,708	4,950	5
Total Assets	\$ 5,194,071	\$ 6,630,442	\$ 8,080,074	\$ 8,624,738	\$ 10,605,045	23
Total Share- holders' Funds .	398,586	480,340	581,549	759,820	927,849	22
Members' Loans Outstanding	4,572,656	5,297,379	6,516,577	7,431,339	8,913,799	20
Loans Granted Each Year	2,530,524	2,950,279	3,886,801	4,231,557	5,774,369	36
Total Loans Granted	17,813,079	20,763,358	24,650,159	28,881,716	34,656,085	20
Members' Savings and Investments	4,733,724	6,050,614	7,378,559	7,752,587	9,510,969	23
Average Deposit per Member	1,116	1,402	1,613	1,647	1,921	17
Income	665,549	819,854	1,084,422	1,229,526	1,450,486	18
Interest Paid to Members	449,336	582,112	695,743	728,575	932,891	28
Total Funds Turnover	9,345,558	10,132,651	12,722,848	15,994,385	20,713,024	30

HOW YOUR INCOME WAS USED



PURPOSE OF LOANS



INCOME & EXPENDITURE ACCOUNT for the Year Ended 30th June, 1986

	1986	1985
	\$	\$
INCOME		
Interest on Loans	1,205,722	1,030,662
Interest on Investments	224,871	182,531
Entrance Fees	259	213
Bad Debts Recovered	1,857	—
Commission	17,576	16,120
Sale of Assets	200	—
	1,450,485	1,229,526
<i>Less: Interest paid to Members' Savings</i>		
— At Call	304,073	312,100
— Term Savings	573,792	416,475
— Redifund	55,026	—
	932,891	728,575
	517,594	500,951
EXPENDITURE		
Advertising — Staff	—	173
Affiliation Fees	2,740	1,430
Audit Fees (Note 2)	5,534	5,526
Bad Debts Written Off	11,291	21,936
Bank Charges	5,268	5,477
Cash Delivery Service	7,105	5,938
Computer Hire	1,300	1,300
Debt Collection Fees	1,989	1,186
Depreciation (Note 3)	15,769	4,490
Federal Debit Tax	6,071	5,486
Financial Institutions Duty	6,592	4,879
General Office Expenses	6,156	13,509
Honorariums	400	660
Insurance — Loan Protection	13,567	11,935
— Fidelity	3,671	3,467
— Workers' Compensation	522	556
Marketing	4,149	256
Postage and Stamp Duty	2,732	2,386
Printing and Stationery	6,344	5,998
Provisions — Doubtful Debts (Note 5)	10,000	13,500
— Staff Leave	3,500	1,000
— Long Service Leave	4,400	3,500
Rent	1,250	1,250
Repairs and Maintenance	2,410	2,048
Salaries	134,398	116,786
Superannuation	1,778	1,822
Stamp Duty	2,000	2,000
Staff Training	75	—
	261,011	238,494
Operating Surplus for the year before Income Tax	256,583	262,457
Income Tax Expense applicable thereto ...	9,241	14,325
Operating Surplus	247,342	248,132
Extraordinary Items		
— Computer Software Development Costs Written Off	53,168	71,201
— ACCU Subordinated Deferred Deposit Written Off (Note 10)	28,565	—
Surplus for the year transferred to Appropriation Account	165,609	176,931

APPROPRIATION ACCOUNT for the Year Ended 30th June, 1986

	1986	1985
	\$	\$
Balance Brought Forward	474,658	349,727
Add: Surplus transferred from Income and Expenditure Account	165,609	176,931
Transfer from Asset Revaluation Reserve .	—	382
	640,267	527,040
Less: Transfer to Statutory Reserve	48,918	52,382
Balance Carried Forward	591,349	474,658

BALANCE SHEET

as at 30th June, 1986

	1986	1985
	\$	\$
FIXED ASSETS		
Office Furniture, Fittings and Equipment at cost	49,498	43,534
Less: Provision for Depreciation	26,194	11,108
	<u>23,304</u>	<u>32,426</u>
ADVANCES		
Loans to Members	8,913,799	7,431,339
Less: Provision for Doubtful Debts (Note 5)	121,000	111,000
	<u>8,792,799</u>	<u>7,320,339</u>
INVESTMENTS		
Premier State Bonds	150,000	150,000
Australian Savings Bonds	100,000	100,000
Shares in ANSWCU	2,393	—
ANSWCU Short Term Deposits	1,191,877	—
Shares in ACCU	—	10
ACCU Interlend Deposits	—	610,375
Subordinated Deferred Deposits	—	40,000
Department of Main Roads - Inscribed Stock	50,000	50,000
Australian Resources Development Bank — Deposit	50,000	54,000
Primary Industry Bank of Aust. — Deposit	50,000	50,000
	<u>1,594,270</u>	<u>1,054,385</u>
SAVINGS RESERVE FUND (Note 6)	65,239	58,290
CURRENT ASSETS		
Cash on Hand	32,200	27,200
Cash at Bank — Interest Bearing	32,009	100,225
Sundry Debtors	12,800	—
Prepayments	5,317	2,801
Accrued Interest on Investments	47,107	29,072
	<u>129,433</u>	<u>159,298</u>
TOTAL ASSETS	<u>10,605,045</u>	<u>8,624,738</u>
MEMBERS' FUNDS		
Issued Capital 24,750 shares of \$2 each fully paid.....	49,500	47,080
Statutory Reserve (Note 4)	287,000	238,082
Appropriation Account	591,349	474,658
	<u>927,849</u>	<u>759,820</u>
MEMBERS' DEPOSITS		
Savings — at Call	3,992,359	4,402,929
Term Investments	5,199,876	3,349,658
Redifund	318,734	—
	<u>9,510,969</u>	<u>7,752,587</u>
CURRENT LIABILITIES		
Accrued Charges	6,052	5,922
Accrued Interest	111,862	60,636
Provision for Staff Leave	22,500	19,000
Provision for Long Service Leave	16,500	12,100
Sundry Creditors	76	347
Provision for Taxation	9,237	14,326
	<u>166,227</u>	<u>112,331</u>
TOTAL LIABILITIES	<u>10,605,045</u>	<u>8,624,738</u>

SOURCE AND APPLICATION OF FUNDS for the Year Ended 30th June, 1986

	1986	1985
SOURCE OF FUNDS	\$	\$
Inflows of Funds from Operations	1,450,485	1,229,526
Less: Outflows of Funds from Operations.	<u>1,242,649</u>	<u>1,016,460</u>
Net Funds from Operations (Note 8)	207,836	213,066
Reduction in Working Capital (Note 9)	1,839,332	487,786
Proceeds from Shares Issued	<u>2,420</u>	<u>1,340</u>
	<u><u>2,049,588</u></u>	<u><u>702,192</u></u>
 APPLICATIONS OF FUNDS		
Increase in Assets		
Investments	2,029,294	683,317
Fixed Assets	<u>5,964</u>	<u>18,036</u>
	2,035,258	701,353
Income Tax Paid	<u>14,330</u>	<u>839</u>
	<u><u>2,049,588</u></u>	<u><u>702,192</u></u>

AUDITORS REPORT for the Year Ended 30th June, 1986

We have examined the books of account and records of Main Roads Staff Credit Union Limited for the year ended 30th June, 1986, 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, 1986, 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)
PEAT MARWICK MITCHELL & CO.
Chartered Accountants

Sydney, 29th August, 1986.

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee has continued the periodical examination of the books and records of the Main Roads Staff Credit Union Limited.

The Committee is of the opinion that the Credit Union is keeping its books and records in accordance with the rules and the Credit Union Act.

R. BRADLEY

22nd August, 1986.

NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS

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. Statutory Reserve	30/6/86	30/6/85
	\$	
Opening Balance	238,082	1,000
Transfer in accordance with the Statutory requirement	48,072	41,686
Additional transfer	846	10,696
Closing Balance	<u>287,000</u>	<u>238,082</u>

5. Provision for Doubtful Debts

In accordance with a decision of the Board of Directors, the provision for doubtful debts has been increased by \$10,000 to \$121,000 which represents approximately 1.5% of the total value of loans outstanding. The provision required by the Credit Union Act is \$49,481.

6. 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.

7. Segment Reporting

The entity operates as a Credit Union in Australia.

8. Funds from Operations

Reconciliation of funds from operations with operating profit before income tax is as follows:

	1986	1985
	\$	\$
Funds from Operations	207,836	213,066
Less: Depreciation	15,086	3,810
Provision for		
—Doubtful Debts	10,000	1,000
—Staff Leave	7,900	—
	<u>32,986</u>	<u>21,810</u>
	<u>174,850</u>	<u>191,256</u>

9. Calculation of Working Capital

Increase (Decrease) in Working Capital

Increase (Decrease) in current assets		
Cash at Bank	(63,216)	(100,935)
Prepayments and Accruals	20,551	(8,248)
Sundry Debtors	12,800	—
	<u>(29,865)</u>	<u>(109,183)</u>
Increase (Decrease) in current liabilities		
Members Deposits	1,758,382	374,028
Sundry Creditors	(271)	72
Accruals	51,356	4,503
	<u>1,809,467</u>	<u>378,603</u>
	<u>(1,839,332)</u>	<u>(487,786)</u>

10. The deposit previously lodged with ACCU has been written off as a bad debt during the year as a result of the winding up of the Association.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 22nd Annual General Meeting of the Main Roads Staff Credit Union Limited will be held in the second floor Conference Room, 309 Castlereagh Street, on Monday, 29th September, 1986, commencing at 1.05 pm.

BUSINESS

To confirm the Minutes of the 21st Annual General Meeting held on Thursday, 26th September, 1985.

- To receive the Chairman's Report, Auditor's Report, Supervisory Committee's Report, the Income and Expenditure Account and Balance Sheet for the year ended 30th June, 1986.

- To elect four Directors.

Messrs G. D. O'Connor, G. Vassallo, A. J. R. Watson and D. Black retire in accordance with the Rules and offer themselves for re-election.

- To elect members to the Supervisory Committee.
- To appoint an Auditor and fix the 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 4 pm on 25th September, 1986, 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