

23rd
**Annual
Report**
1987

**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. J. BLACK	R. B. McDOWELL

ADMINISTRATION

D. L. JONES (Secretary/Manager)

L. WILLIAMS	S. JENSEN
I. OGILVIE	C. HILL
K. SPITTLE	G. LLEWELLYN

AUDITORS

PEAT MARWICK
Australia Square, Sydney

SOLICITORS

J. B. LANGE & BURKE
Cnr King and George Streets, Sydney

BANKERS

NATIONAL AUSTRALIA BANK
118A Burwood Road, Burwood

CHAIRMAN'S REPORT 1986/87

I have much pleasure in submitting the 23rd Annual Report, Audited Balance Sheet and Income and Expenditure Statement for the year ended 30th June, 1987.

An excellent year of growth saw the Credit Union's total assets climb to almost \$13M, an increase of over \$2M.

The big highlights of the year were:

- Interest paid to members was a record 73% of the year's gross income. This return to members was an increase of 44% over last year.
- The average deposit for each member increased by a confident 16% to \$2,235 whilst overall Savings and Investments increased by 22%.

The Credit Union Movement has always encouraged its members to save regularly and borrow wisely. At a time when high interest rates, easy plastic card finance and economic instability have resulted in a major Australia-wide increase in bad debts, bankruptcies and other financial losses, Credit Unions continue to provide secure, comfortable and friendly services to the very people like you who own them.

I acknowledge with much appreciation the continued support and services provided by:

- The Commissioner and Directors of the Department;
- the highly motivated and efficient Secretary/Manager, Don Jones, and his staff; and
- the members, Supervisory Committee and Credit Committees of the Credit Union and all volunteers.

I take this opportunity to thank all those people who have, over the years, contributed to the prosperity and growth of the Credit Union. In particular, I express my gratitude to a fellow Director, George Vassallo, who has the unique honour of being not only one of the founders of the Credit Union 23 years ago, but having continuously served the Credit Union in many honorary capacities since then.

CONCLUSION

In the increasingly complex financial society in which we live, it is more important than ever to adopt the wise and basic financial habits encouraged by your Credit Union.

For and on behalf of the Board,

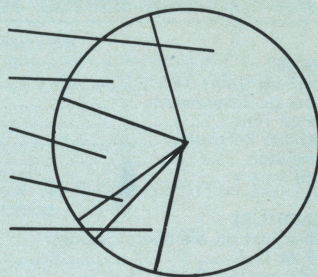
GLENDON O'CONNOR
Chairman of Directors

5 YEAR GROWTH CHART

	1983	1984	1985	1986	1987	% Increase of 1987 over 1986
Membership	4,314	4,574	4,708	4,950	5,209	5
Total Assets	\$ 6,630,442	\$ 8,080,074	\$ 8,624,738	\$ 10,605,045	\$ 12,964,113	22
Total Share- holders' Funds .	480,340	581,549	759,820	927,849	1,072,666	16
Members' Loans Outstanding	5,297,379	6,516,577	7,431,339	8,913,799	10,757,893	21
Loans Granted Each Year	2,950,279	3,886,801	4,231,557	5,774,369	6,693,604	16
Total Loans Granted	20,763,358	24,650,159	28,881,716	34,656,085	41,349,689	19
Members' Savings and Investments	6,050,614	7,378,559	7,752,587	9,510,969	11,643,445	22
Average Deposit per Member	1,402	1,613	1,647	1,921	2,235	16
Income	819,854	1,084,422	1,229,526	1,450,486	1,834,664	26
Interest Paid to Members	582,112	695,743	728,575	932,891	1,341,950	44
Total Funds Turnover.....	10,132,651	12,722,848	15,994,385	20,713,024	23,711,205	14

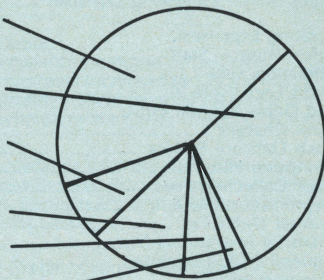
HOW YOUR INCOME WAS USED

Interest Paid to Members	73%
Surplus	8%
Staff Costs	9%
Loan Costs	4%
Office Administration	6%



PURPOSE OF LOANS

Property Purchases and Improvements	38%
Motor Vehicle Purchases and Costs	28%
Household Goods	11%
Miscellaneous inc. Consolidate Debts	16%
Holidays and Travel	5%
Boats and Caravans	2%



INCOME & EXPENDITURE ACCOUNT for the Year Ended 30th June, 1987

	1987	1986
	\$	\$
INCOME		
Interest on Loans	1,460,367	1,205,722
Interest on Investments	340,978	224,871
Entrance Fees	279	259
Bad Debts Recovered	1,570	1,857
Commission	31,470	17,576
Sale of Assets	—	200
	1,834,664	1,450,485
EXPENDITURE		
Interest paid on Members' Savings:		
— At Call	309,162	304,073
— Term Investment	973,188	573,792
— Redifund	59,600	55,026
	1,341,950	932,891
Surplus before Operating Expenses	492,714	517,594
Operating Expenses:		
Advertising — Staff	236	—
Affiliation Fees	6,191	2,740
Audit Fees (Note 2)	6,581	5,534
Bad Debts Written Off	32,743	11,291
Bank Charges	5,326	5,268
Cash Delivery Service	9,410	7,105
Computer Hire	—	1,300
Debt Collection Fees	1,658	1,989
Depreciation (Note 3)	10,954	15,769
Federal Debit Tax	8,234	6,071
Financial Institutions Duty	7,438	6,592
General Office Expenses	8,927	6,156
Honorariums	750	400
Insurance — Loan Protection	25,971	13,567
— Fidelity	4,011	3,671
— Workers' Compensation ..	977	522
Marketing	5,289	4,149
Postage	3,631	2,732
Printing and Stationery	5,740	6,344
Provisions — Doubtful Debts (Note 5) ..	19,000	10,000
— Staff Leave	5,272	3,500
— Long Service Leave	3,377	4,400
Rent	2,000	1,250
Repairs and Maintenance	4,065	2,410
Salaries	143,235	134,398
Superannuation	1,961	1,778
Stamp Duty	4,000	2,000
Staff Training	—	75
	326,977	261,011
Operating Surplus for the year before		
Income Tax	165,737	256,583
Income Tax Expense applicable thereto ...	(23,510)	(9,241)
Operating Surplus	142,227	247,342
Extraordinary Items		
—Computer Software Development Costs		
Written Off	—	53,168
—ACCU Subordinated Deferred Deposit		
Written Off (Note 8)	—	28,565
Surplus for the year transferred to		
Appropriation Account	142,227	165,609

APPROPRIATION ACCOUNT for the Year Ended 30th June, 1987

	1987	1986
	\$	\$
Balance Brought Forward	591,349	474,658
Add: Surplus transferred from Income and Expenditure Account	142,227	165,609
	733,576	640,267
Less: Transfer to Statutory Reserve	58,923	48,918
Balance Carried Forward	674,653	591,349

BALANCE SHEET

as at 30th June, 1987

	1987	1986
	\$	\$
ASSETS		
ADVANCES		
Loans to Members	10,757,893	8,913,799
Less: Provision for Doubtful Debts (Note 5)	(140,000)	(121,000)
	10,617,893	8,792,799
FIXED ASSETS		
Office Furniture, Fittings and Computer Equipment at cost	56,591	49,498
Less: Provision for Depreciation	(37,148)	(26,194)
	19,443	23,304
INVESTMENTS		
Premier State Bonds	150,000	150,000
Australian Savings Bonds	100,000	100,000
Department of Main Roads — Inscribed Stock	—	50,000
Deposits:		
National Australia Bank	400,000	—
Australian Resources Development Bank	50,000	50,000
Primary Industry Bank of Australia	50,000	50,000
Association of NSW Credit Unions Ltd .	1,250,000	1,191,877
Subordinated Deferred Deposit — ANSWCU	24,696	—
Shares in ANSWCU (at cost)	2,547	2,393
	2,027,243	1,594,270
SAVINGS RESERVE FUND (Note 6)	77,637	65,239
CURRENT ASSETS		
Cash on Hand	32,200	32,200
Cash at Bank — Interest Bearing	111,411	32,009
Sundry Debtors	—	12,800
Prepayments	7,534	5,317
Accrued Interest on Investments	70,752	47,107
	221,897	129,433
TOTAL ASSETS	12,964,113	10,605,045
 LIABILITIES		
MEMBERS' DEPOSITS		
Savings — at Call	4,384,686	3,992,359
Term Investments	6,769,478	5,199,876
Redifund	489,281	318,734
	11,643,445	9,510,969
CURRENT LIABILITIES		
Accrued Charges	9,429	6,052
Accrued Interest	166,915	111,862
Provision for Staff Leave	27,772	22,500
Provision for Long Service Leave	19,877	16,500
Sundry Creditors	499	76
Provision for Taxation	23,510	9,237
	248,002	166,227
TOTAL LIABILITIES	11,891,447	9,677,196
NETT ASSETS	1,072,666	927,849
 MEMBERS' FUNDS		
Issued Capital 26,045 shares of \$2 each fully paid.....	52,090	49,500
Statutory Reserve (Note 4)	345,923	287,000
Appropriation Account	674,653	591,349
	1,072,666	927,849

NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS

1. Basis of Preparation of Accounts

The accounts have been prepared on the basis of historical costs and do not take into account changing money values or current valuations of assets.

2. Audit Fees

The Auditor received no other benefits.

3. Depreciation of Fixed Assets

Fixed assets are depreciated over their estimated useful lives using the diminishing value method.

4. Statutory Reserve

	1987	1986
	\$	\$
Opening Balance	287,000	238,082
Transfer in accordance with the Statutory requirement	58,923	48,072
Additional transfer	—	846
Closing Balance	<u>345,923</u>	<u>287,000</u>

5. Provision for Doubtful Debts

In accordance with a decision of the Board of Directors, provision for doubtful debts has been increased by \$19,000 to \$140,000 which represents approximately 1.3% of the total value of loans outstanding. The provision required by the Credit Union Act is \$90,121.

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. ACCU Deposits

The deposit previously lodged with ACCU was written off as a bad debt during the year ended 30th June, 1986, as a result of the winding up of the association.

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS

9(a) Reconciliation of funds from operations with operating profit before income tax is as follows:

	1987	1986
	\$	\$
Funds from Operations	<u>185,340</u>	<u>198,519</u>
Less: Provision for:		
Depreciation	10,954	15,769
Long Service Leave	3,377	4,400
Staff Leave	5,272	3,500
	<u>19,603</u>	<u>23,669</u>
	<u>165,737</u>	<u>174,850</u>

(b) Increase/(Decrease) in Working Capital

Increase/(Decrease) in current assets		
Cash at Bank	79,402	(216)
Prepayments and Accruals	25,862	,551
Sundry Debtors	<u>(12,800)</u>	<u>12,800</u>
	92,464	(29,865)
Increase/(Decrease) in current liabilities		
Sundry Creditors	423	(271)
Accruals	58,431	51,356
	<u>58,854</u>	<u>51,085</u>
	<u>33,610</u>	<u>(80,950)</u>

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.

21st August, 1987.

R. BRADLEY

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 23rd Annual General Meeting of the Main Roads Staff Credit Union Limited will be held in the second floor Conference Room, 309 Castlereagh Street, on Thursday, 24th September, 1987, commencing at 1.05 pm.

BUSINESS

- confirm the Minutes of the 22nd Annual General Meeting held on Monday, 29th September, 1986.
- 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, 1987.
- To elect three Directors.
Messrs A. J. R. Watson, R. C. Bell and R. B. McDowell 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 28th September, 1987, 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