

24th
Annual
Report
1988

**MAIN ROADS STAFF
CREDIT UNION LIMITED**

BOARD OF DIRECTORS

G. D. O'CONNOR (Chairman)

A. J. R. WATSON

R. S. SINCLAIR

D. J. BLACK

R. C. BELL

R. B. McDOWELL

R. G. MORGAN

ADMINISTRATION

D. L. JONES (Secretary/Manager)

L. WILLIAMS

I. OGILVIE

S. JENSEN

C. WOODLEY

K. SPITTLE

G. LLEWELLYN

V. YEE

G. JONES

AUDITORS

PEAT MARWICK HUNGERFORDS
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 1987/88

On behalf of the Board of Directors, it is my pleasure to submit the 24th Annual Report, Audited Balance Sheet and Income and Expenditure Statement for the year ended 30th June, 1988.

The Credit Union has again achieved excellent operational results. Highlights of these results were:

- Total assets now stand at \$15.2M (up 18% on last year).
- Interest paid to members represented a return to members of 68.9% of gross income.
- Members' Savings and Term Investments increased by 18% whilst the average deposits for each member increased by 17%.

The money invested by members in the Credit Union has doubled in the last four years. I see this most encouraging confidence the result of the continuing support by the Commissioner and Directors of the Department and the completely dedicated service by the Secretary/Manager, his staff, the honorary volunteers and Directors.

As shown in the Income and Expenditure Statement, a provision of \$120,000 has been set aside for the development of Members' Services in 1988/89. This provision will be used by the Credit Union to substantially upgrade computer processing and information retrieval. These enhancements will allow the Credit Union to introduce new services such as individual member cheque books, improved account statements and daily interest calculations.

CONCLUSION

The Credit Union has an important part to play in the Department's overall scheme and, with the continued support of members, will achieve its financial objectives and continue to provide a traditionally high standard of service.

For and on behalf of the Board,

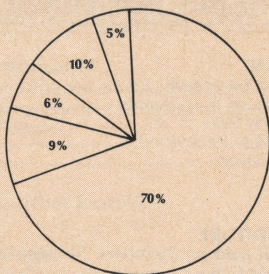
GLENDON O'CONNOR
Chairman

5 YEAR GROWTH CHART

	1984	1985	1986	1987	1988	% Increase of 1988 over 1987
Membership	4,574	4,708	4,950	5,209	5,265	1
Total Assets	\$ 8,080,074	\$ 8,624,738	\$ 10,605,045	\$ 12,964,113	\$ 15,270,301	18
Total Share- holders' Funds .	581,549	759,820	927,849	1,072,666	1,173,201	9
Members' Loans Outstanding	6,516,577	7,431,339	8,913,799	10,757,893	11,419,934	6
Loans Granted Each Year	3,886,801	4,231,557	5,774,369	6,693,604	5,958,853	(11)
Total Loans Granted	24,650,159	28,881,716	34,656,085	41,349,689	47,308,542	14
Members' Savings and Investments	7,378,559	7,752,587	9,510,969	11,643,445	13,720,556	18
Average Deposit per Member	1,613	1,647	1,921	2,235	2,606	17
Income	1,084,422	1,229,526	1,450,486	1,834,664	2,037,409	11
Interest Paid to Members	695,743	728,575	932,891	1,341,950	1,404,146	5
Total Funds Turnover	12,722,848	15,994,385	20,713,024	23,711,205	26,014,214	10

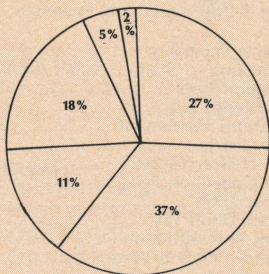
HOW YOUR INCOME WAS USED

Interest Paid to Members	70%
Surplus	5%
Staff Costs	9%
Loan Costs	6%
Office Administration	10%



PURPOSE OF LOANS

Property Purchases and Improvements	37%
Motor Vehicle Purchases and Costs	27%
Household Goods	11%
Miscellaneous inc. Consolidate Debts	18%
Holidays and Travel	5%
Boats and Caravans	2%



INCOME & EXPENDITURE ACCOUNT for the Year Ended 30th June, 1988

	Note	1988 \$	1987 \$
INCOME			
Interest on Loans		1,654,304	1,460,367
Interest on Investments		345,763	340,978
Entrance Fees		212	279
Bad Debts Recovered		7,690	1,570
Commission		29,440	31,470
		2,037,409	1,834,664
EXPENDITURE			
Interest paid on Members' Savings:			
— At Call		329,206	309,162
— Term Investments		976,787	973,188
— Redifund		98,153	59,600
		1,404,146	1,341,950
Surplus before Operating Expenses		633,263	492,714
Operating Expenses:			
Advertising — Staff		175	236
Affiliation Fees		8,646	6,191
Audit Fees	2	8,500	6,581
Bad Debts Written Off		27,332	32,743
Bank Charges		7,297	5,326
Cash Delivery Service		7,346	9,410
Debt Collection Fees		2,767	1,658
Depreciation	3	8,412	10,954
Federal Debit Tax		9,769	8,234
Financial Institutions Duty		8,836	7,438
General Office Expenses		9,933	8,927
Honorariums		—	750
Insurance — Loan Protection		31,546	25,971
— Fidelity		4,680	4,011
— Workers' Compensation ...		1,003	977
Marketing		5,883	5,289
Postage		4,652	3,631
Printing and Stationery		9,987	5,740
Provisions — Doubtful Debts	5	60,000	19,000
— Staff Leave		5,277	5,272
— Long Service Leave		1,115	3,377
Rent		2,000	2,000
Repairs and Maintenance		4,037	4,065
Salaries		167,103	143,235
Superannuation		4,032	1,961
Stamp Duty		2,000	4,000
		402,328	326,977
Operating Surplus for the year before			
Income Tax		230,935	165,737
Income Tax Expense applicable thereto ...		(10,961)	(23,510)
Operating Surplus		219,974	142,227
Extraordinary Items			
Provision for Development of Members' Services		120,000	—
Surplus for the year transferred to			
Appropriation Account		99,974	142,227

APPROPRIATION ACCOUNT for the Year Ended 30th June, 1988

		1988 \$	1987 \$
Balance Brought Forward		674,653	591,349
Add: Surplus transferred from Income and Expenditure Account		99,974	142,227
		774,627	733,576
Less: Transfer to Statutory Reserve		70,600	58,923
Balance Carried Forward		704,027	674,653

The accompanying Notes form part of these accounts

BALANCE SHEET as at 30th June, 1988

	Note	1988 \$	1987 \$
ASSETS			
ADVANCES			
Loans to Members		11,419,934	10,757,893
Less: Provision for Doubtful Debts	5	(200,000)	(140,000)
		<u>11,219,934</u>	<u>10,617,893</u>
FIXED ASSETS			
Office Furniture, Fittings and Computer Equipment at cost			
		58,747	56,591
Less: Provision for Depreciation		(45,560)	(37,148)
		<u>13,187</u>	<u>19,443</u>
INVESTMENTS			
Premier State Bonds		250,000	150,000
Australian Savings Bonds		100,000	100,000
Deposits:			
National Australia Bank		400,000	400,000
Australian Resources Development Bank		—	50,000
Primary Industry Bank of Australia		50,000	50,000
Association of NSW Credit Unions Ltd ..		2,900,000	1,250,000
Subordinated Deferred Deposit —			
ANSWCU		47,453	24,696
Shares in ANSWCU (at cost)		2,616	2,547
		<u>3,750,069</u>	<u>2,027,243</u>
SAVINGS RESERVE FUND	6	90,745	77,637
CURRENT ASSETS			
Cash on Hand		37,200	32,200
Cash at Bank — Interest Bearing		54,996	111,411
Sundry Debtors		17,303	—
Prepayments		8,341	7,534
Accrued Interest on Investments		78,526	70,752
		<u>196,366</u>	<u>221,897</u>
TOTAL ASSETS		<u>15,270,301</u>	<u>12,964,113</u>
LIABILITIES			
MEMBERS' DEPOSITS			
Savings — at Call		4,874,973	4,384,686
Term Investments		7,705,099	6,769,478
Redifund		1,140,484	489,281
		<u>13,720,556</u>	<u>11,643,445</u>
CURRENT LIABILITIES			
Accrued Charges		13,911	9,429
Accrued Interest		177,147	166,915
Provision for Staff Leave		33,049	27,772
Provision for Long Service Leave		20,992	19,877
Sundry Creditors		485	499
Provision for Development of Members'			
Services		120,000	—
Provision for Taxation		10,961	23,510
		<u>376,545</u>	<u>248,002</u>
TOTAL LIABILITIES		<u>14,097,101</u>	<u>11,891,447</u>
NETT ASSETS		<u>1,173,200</u>	<u>1,072,666</u>
MEMBERS' FUNDS			
Issued Capital 26,325 shares of \$2 each fully paid.....			
		52,650	52,090
Statutory Reserve	4	416,523	345,923
Appropriation Account		704,027	674,653
		<u>1,173,200</u>	<u>1,072,666</u>

The accompanying Notes form part of these accounts

SOURCE AND APPLICATION OF FUNDS for the Year Ended 30th June, 1988

SOURCE OF FUNDS	Note	1988 \$	1987 \$
Funds from Operations	8(a)		
Inflows of Funds from Operations		2,037,409	1,834,664
Less: Outflows of Funds from Operations.....		<u>1,791,670</u>	<u>1,649,324</u>
		245,739	185,340
Increase in members' deposits		2,077,111	2,132,476
Increase in issued capital		560	2,590
		<u>2,323,410</u>	<u>2,320,406</u>
 APPLICATIONS OF FUNDS			
Increase in Assets			
Loans to Members		602,041	1,825,094
Investments		1,727,826	432,974
Fixed Assets		<u>2,156</u>	<u>7,093</u>
		2,327,023	2,265,161
Increase/(decrease) in working capital	8(b)	(40,231)	33,610
Increase in Savings Reserve Fund		13,108	12,398
Income Tax Paid		<u>23,510</u>	<u>9,237</u>
		<u>2,323,410</u>	<u>2,320,406</u>

The accompanying Notes form part of these accounts

AUDITORS REPORT TO THE MEMBERS for the Year Ended 30th June, 1988

We have examined the books of account and records of Main Roads Staff Credit Union Limited for the year ended 30th June, 1988, 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, 1988, 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.

PEAT MARWICK HUNGERFORDS
Chartered Accountants

PAUL F. GREW
(Partner)

Sydney, August, 1988.

Tower Building,
Australia Square,
Sydney, NSW 2000

**NOTES TO AND FORMING PART OF
THE FINANCIAL ACCOUNTS
for the Year Ended 30th June, 1988**

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

	1988	1987
	\$	\$
Opening Balance	345,923	000
Transfer in accordance with the Statutory requirement	70,600	58,923
Closing Balance	<u>416,523</u>	<u>345,923</u>

5. Provision for Doubtful Debts

In accordance with a decision of the Board of Directors, the provision for doubtful debts has been increased to \$200,000 which represents approximately 1.8% of the total value of loans outstanding. The provision required by the Credit Union Act is \$167,983.

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. Statement of Sources and Applications of Funds

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

	1988	1987
	\$	\$
Funds from Operations	<u>245,739</u>	<u>340</u>
Less: Provision for:		
Depreciation	8,412	10,954
Long Service Leave	1,115	3,377
Staff Leave	5,277	5,272
	<u>14,804</u>	<u>19,603</u>
	<u>230,935</u>	<u>165,737</u>

(b) Increase/(Decrease) in Working Capital

Increase/(Decrease) in current assets		
Cash at Bank	(51,415)	79,402
Prepayments and Accruals	8,581	25,862
Sundry Debtors	17,303	(12,800)
	<u>(25,531)</u>	<u>92,464</u>
Increase/(Decrease) in current liabilities		
Sundry Creditors	(14)	423
Accruals	14,714	58,431
	<u>14,700</u>	<u>58,854</u>
	<u>(40,231)</u>	<u>33,610</u>

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 24th 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, 22nd September, 1988, commencing at 1.05 pm.

BUSINESS

- confirm the Minutes of the 23rd Annual General Meeting held on Thursday, 24th September, 1987.
- To receive the Chairman's Report, Auditor's Report, the Income and Expenditure Account and Balance Sheet for the year ended 30th June, 1988.
- To elect four Directors.
Glen O'Connor, Ron Sinclair, Don Black and Glen Morgan 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 20th September, 1988, 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