

25th  
**Annual  
Report**  
1989

**R.T.A. STAFF  
CREDIT UNION LIMITED**

**BOARD OF DIRECTORS**

**R. B. McDOWELL (Chairman)**  
**A. J. R. WATSON, R. S. SINCLAIR, D. J. BLACK,**  
**R. C. BELL, R. G. MORGAN, A. TOBIN**

**ADMINISTRATION**

**D. L. JONES (Secretary/Manager)**  
**I. MAIDMENT, G. LEE, S. JENSEN, V. YEE,**  
**C. MILNE, L. WILLIAMS**

**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**

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## CHAIRMAN'S REPORT 1988/89

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On behalf of the Board of Directors, it is my pleasure to submit the 25th Annual Report and Financial Statements for the year ended June 30, 1989.

After nearly 25 years as the "Main Roads Staff Credit Union" your Credit Union now operates under the banner of the "RTA Staff Credit Union". This change reflects the creation of a new host employer base as from January, 1989.

Despite increased competition from other financial institutions in the Credit Union's traditional markets and continuing pressures from high interest rates, your Credit Union continues to provide stability and a high standard of operational performance for its membership. This is highlighted by the following statistics:

- Total assets of \$15.5M (up 2% on last year).
- An increase of 39% in loans granted to members. (Total loans granted now stand at \$55.6M).
- An annual funds turnover approaching \$29M (up 180% in the last four years).
- Members' savings and investments maintained at an annual level almost double that of four years ago.
- Interest rates on terms investments maintained at levels competitive with, and mostly higher than, other financial institutions.
- Loan rate maintained at a level well below that charged by other organisations.

These encouraging results reflect a continuation of the secure and friendly services offered to members over the last 25 years. They have been achieved at a time when the employment base of our host Authority has declined by about 8% over the last three years.

I acknowledge with much appreciation the continuing support and service provided by the:

- Chief Executive and Directors of the Authority.
- Secretary/Manager, Don Jones and his staff.
- Members, Credit Committees, all volunteers and my fellow Directors.

### THE FUTURE

Your Credit Union is committed to the continuing provision of competitive, low cost financial services. In 1989/90, the levels of service should be improved following installation of upgraded computer systems, introduction of personalised cheque account facilities and quicker loan approvals.

For and on behalf of the Board,

R. B. McDOWELL  
Chairman

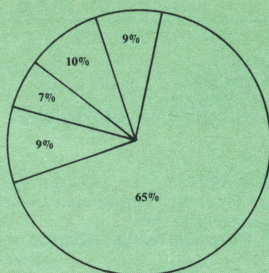


## 5 YEAR GROWTH CHART

	1985	1986	1987	1988	1989	% Increase of 1989 over 1988
Membership .....	4,708	4,950	5,209	5,265	5,291	1
Total Assets .....	\$ 8,624,738	\$ 10,605,045	\$ 12,964,113	\$ 15,270,301	\$ 15,508,397	2
Total Share- holders' Funds ..	759,820	927,849	1,072,666	1,173,201	1,398,002	19
Members' Loans Outstanding .....	7,431,339	8,913,799	10,757,893	11,419,934	12,810,186	12
Loans Granted Each Year .....	4,231,557	5,774,369	6,693,604	5,958,853	8,280,444	39
Total Loans Granted .....	28,881,716	34,656,085	41,349,689	47,308,542	55,588,986	17
Members' Savings and Investments.	7,752,587	9,510,969	11,643,445	13,720,556	13,450,026	(2)
Average Deposit per Member .....	1,647	1,921	2,235	2,606	2,542	(2)
Income .....	1,229,526	1,450,486	1,834,664	2,037,409	2,246,085	10
Interest Paid to Members .....	728,575	932,891	1,341,950	1,404,146	1,469,330	5
Total Funds Turnover .....	15,994,385	20,713,024	23,711,205	26,014,214	28,790,703	11

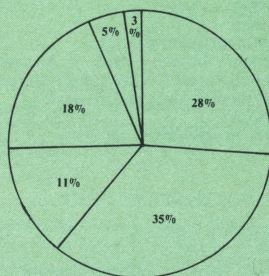
## HOW YOUR INCOME WAS USED

Interest Paid to Members	65%
Surplus	10%
Staff Costs	9%
Loan Costs	7%
Office Administration	9%



## PURPOSE OF LOANS

Property Purchases and Improvements	35%
Motor Vehicle Purchases and Costs	28%
Household Goods	11%
Miscellaneous inc. Consolidate Debts	18%
Holidays and Travel	5%
Boats and Caravans	3%



## BALANCE SHEET

### as at 30th June, 1989

ASSETS	Note	1989 \$	1988 \$
<b>ADVANCES</b>			
Loans to Members .....		12,810,186	11,419,934
Less: Provision for Doubtful Debts .....	5	(270,000)	(200,000)
		12,540,186	11,219,934
<b>FIXED ASSETS</b>			
Office Furniture, Fittings and Computer			
Equipment at cost .....		41,087	58,747
Less: Provision for Depreciation .....		(29,458)	(45,560)
		11,629	13,187
<b>INVESTMENTS</b>			
Premier State Bonds .....		200,000	250,000
Australian Savings Bonds .....		100,000	100,000
Telecom .....		100,000	—
Deposits:			
National Australia Bank .....		100,000	400,000
Primary Industry Bank of Australia .....		150,000	50,000
Association of NSW Credit Unions Ltd ..		1,900,000	2,900,000
Subordinated Deferred Deposit —			
ANSWCU .....		47,453	47,453
Shares in ANSWCU (at cost) .....		2,651	2,616
		2,600,104	3,750,069
SAVINGS RESERVE FUND .....	6	90,745	90,745
<b>CURRENT ASSETS</b>			
Cash on Hand .....		40,200	37,200
Cash at Bank — Interest Bearing .....		22,185	54,996
Sundry Debtors .....		97,412	17,303
Prepayments .....		7,681	8,341
Accrued Interest on Investments .....		98,255	78,526
		265,733	196,366
<b>TOTAL ASSETS</b> .....		15,508,397	15,270,301
<b>LIABILITIES</b>			
<b>MEMBERS' DEPOSITS</b>			
Savings — at Call .....		4,616,553	4,874,973
Term Investments .....		7,906,390	7,705,099
Redifund .....		927,083	1,140,484
		13,450,026	13,720,556
<b>CURRENT LIABILITIES</b>			
Accrued Charges .....		32,322	13,911
Accrued Interest .....		361,244	177,147
Provision for Staff Leave .....		39,213	33,049
Provision for Long Service Leave .....		25,370	20,992
Sundry Creditors .....		329	485
Provision for Development of Members'			
Services .....		170,000	120,000
Provision for Taxation .....		31,891	10,961
		660,369	376,545
<b>TOTAL LIABILITIES</b> .....		14,110,395	14,097,101
<b>NETT ASSETS</b> .....		1,398,002	1,173,200
<b>MEMBERS' FUNDS</b>			
Issued Capital 26,455 (1988: 26,325) shares			
of \$2 each fully paid.....		52,910	52,650
Statutory Reserve .....	4	493,473	416,523
Appropriation Account .....		851,619	704,027
		1,398,002	1,173,200

The accompanying Notes form part of these accounts



# INCOME & EXPENDITURE ACCOUNT

## for the Year Ended 30th June, 1989

	Note	1989 \$	1988 \$
<b>INCOME</b>			
Interest on Loans .....		1,743,527	1,654,304
Interest on Investments .....		470,278	345,763
Entrance Fees .....		221	212
Bad Debts Recovered .....		5,020	7,690
Commission .....		27,039	29,440
		2,246,085	2,037,409
<b>EXPENDITURE</b>			
Interest paid on Members' Savings:			
— At Call .....		348,985	329,206
— Term Savings .....		1,014,202	976,787
— Redifund .....		106,143	98,153
		1,469,330	1,404,146
Surplus before Operating Expenses .....		776,755	633,263
Operating Expenses:			
Advertising — Staff .....		—	175
Affiliation Fees .....		9,297	8,646
Audit Fees .....	2	9,500	8,500
Bad Debts Written Off .....		37,676	27,332
Bank Charges .....		8,486	7,297
Cash Delivery Service .....		12,883	7,346
Debt Collection Fees .....		5,028	2,767
Depreciation .....	3	2,751	8,412
Federal Debit Tax .....		10,336	9,769
Financial Institutions Duty .....		9,799	8,836
General Office Expenses .....		11,278	9,933
Insurance — Loan Protection .....		41,404	31,546
— Fidelity .....		5,151	4,680
— Workers' Compensation .....		1,207	1,003
Legal Fees .....		738	—
Management Fees .....		8,000	—
Marketing .....		8,574	5,883
Postage .....		5,185	4,652
Printing and Stationery .....		8,396	9,987
Provisions — Doubtful Debts .....	5	70,000	60,000
— Staff Leave .....		6,164	5,277
— Long Service Leave .....		4,378	1,115
Rent .....		2,000	2,000
Repairs and Maintenance .....		1,248	4,037
Salaries .....		179,013	167,103
Superannuation .....		4,296	4,032
Stamp Duty .....		500	2,000
Temporary Staff .....		9,524	—
		472,812	402,328
Operating Surplus for the year before			
Income Tax .....		303,943	230,935
Income Tax Expense applicable thereto .	7	(29,401)	(10,961)
Operating Surplus .....		274,542	219,974
Extraordinary Items			
Provision for Development of Members' Services .....		50,000	120,000
Surplus for the year transferred to			
Appropriation Account .....		224,542	99,974

## APPROPRIATION ACCOUNT

### for the Year Ended 30th June, 1989

		1989 \$	1988 \$
Balance Brought Forward .....		704,027	674,653
Add: Surplus transferred from Income and Expenditure Account .....		224,542	99,974
		928,569	774,627
Less: Transfer to Statutory Reserve .....		76,950	70,600
Balance Carried Forward .....		851,619	704,027

The accompanying Notes form part of these accounts

# SOURCE AND APPLICATION OF FUNDS

## for the Year Ended 30th June, 1989

SOURCE OF FUNDS	Note	1989 \$	1988 \$
Funds from Operations	9(a)		
Inflows of Funds from Operations .....		2,246,085	2,037,409
Less: Outflows of Funds from Operations		1,928,849	1,791,670
		317,236	245,739
Increase/(decrease) in members' deposits ....		(270,530)	2,077,111
Increase in issued capital .....		260	560
		46,966	2,323,410
 <b>APPLICATIONS OF FUNDS</b>			
Increase/(decrease) in Assets			
Loans to Members .....		1,320,252	602,041
Investments .....		(1,149,965)	1,722,826
Fixed Assets* .....		1,193	2,156
		171,480	2,327,023
Increase/(decrease) in working capital .....	9(b)	(132,987)	(40,231)
Increase in Savings Reserve Fund .....		—	13,108
Income Tax Paid .....		8,473	23,510
		46,966	2,323,410

The accompanying Notes form part of these accounts

## AUDITORS REPORT TO THE MEMBERS

### for the Year Ended 30th June, 1989

We have audited the books of account and other records of R.T.A. Staff Credit Union Limited (formerly Main Roads Staff Credit Union Limited) in accordance with the Australian Auditing Standards.

- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.
- (b) In our opinion, proper Books of Account have been kept by the Credit Union so far as appears from our examination of those books.
- (c) The attached Balance Sheet, Appropriation Account and Income and Expenditure Account are in agreement with the Books of Account.
- (d) In our opinion, and to the best of our information and according to the explanations given to us, the Accounts give the information required by the Credit Union Act in the manner so required and give a true and fair view of:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Credit Union as at 30th June, 1989; and
  - (ii) in the case of the Income and Expenditure Account, of the surplus for the year ended 30th June, 1989.
- (e) In our opinion, the Register of 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.
- (f) The rules relating to the administration of the Credit Union funds have been observed.

PEAT MARWICK HUNGERFORDS  
Chartered Accountants

PAUL F. GREW  
(Partner)

Sydney, August, 1989.  
Tower Building,  
Australia Square,  
Sydney, NSW 2000



**NOTES TO AND FORMING PART OF  
THE FINANCIAL ACCOUNTS  
for the Year Ended 30th June, 1989**

**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.

	<b>1989</b>	<b>1988</b>
	\$	\$
4. <b>Statutory Reserve</b>		
Opening Balance .....	416,523	345,923
Transfer in accordance with the Statutory requirement .....	76,950	70,600
Closing Balance .....	<u>493,473</u>	<u>416,523</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 \$270,000 which represents approximately 2.1% of the total value of loans outstanding. The minimum provision which would be required by the Credit Union Act is \$220,572.

**6. Savings Reserve Fund**

Deposits are made in accordance with the Credit Union Act, 1969, 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. Income Tax**

Prima facie income tax expense of \$118,538 varies from income tax expense as, in accordance with Section 23(g) of the Income Tax Assessment Act, the Credit Union is exempt from tax in respect of interest paid to the Credit Union by members of the Credit Union.

Accordingly, after apportionment of allowable expenses against interest paid by members and other income earned by the Credit Union income tax of \$31,891 is estimated to be payable. In the prior year income tax was overprovided by \$2,490.

**8. Segment Reporting**

The entity operates as a Credit Union in Australia.

**9. Statement of Sources and Applications of Funds**

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

	<b>1989</b>	<b>1988</b>
	\$	\$
Funds from Operations .....	<u>317,236</u>	<u>245,739</u>
Less: Provision for:		
Depreciation .....	2,751	8,412
Long Service Leave .....	4,378	1,115
Staff Leave .....	6,164	5,277
	<u>13,293</u>	<u>14,804</u>
	<u>303,943</u>	<u>230,935</u>

(b) Increase/(Decrease) in Working Capital

Increase/(Decrease) in current assets		
Cash at Bank and On Hand .....	(29,810)	(51,415)
Prepayments and Accruals .....	19,068	8,581
Sundry Debtors .....	80,108	17,303
	<u>69,366</u>	<u>(25,531)</u>
Increase/(Decrease) in current liabilities		
Sundry Creditors .....	(156)	(14)
Accruals .....	202,509	14,714
	<u>202,353</u>	<u>14,700</u>
	<u>(132,987)</u>	<u>(40,231)</u>



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## NOTICE OF ANNUAL GENERAL MEETING

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*NOTICE is hereby given that the 25th Annual General Meeting of the R.T.A. Staff Credit Union Limited will be held in the first floor Amenities Room, 260 Elizabeth Street, on Thursday, 21st September, 1989, commencing at 3.30 pm.*

### BUSINESS

- To confirm the Minutes of the 24th Annual General Meeting held on Thursday, 22nd September, 1988.
- To receive the Chairman's Report, Auditor's Report, the Income and Expenditure Account and Balance Sheet for the year ended 30th June, 1989.
- To elect three Directors.

Bob McDowell, Rod Watson and Rosemary Bell retire in accordance with the Rules and offer themselves for re-election.

- 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 19th September, 1989, 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