

26th
**Annual
Report**
1990

**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. S. TOBIN

ADMINISTRATION

D. L. JONES (Secretary/Manager)

I. MAIDMENT

C. MILNE

V. YEE

A. BEDDOWES

V. MACNO

L. WILLIAMS

AUDITORS

KPMG PEAT MARWICK

MLC Centre, Sydney

SOLICITORS

LANGE & CO.

Cnr King and George Streets, Sydney

BANKERS

NATIONAL AUSTRALIA BANK

118A Burwood Road, Burwood

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 26th Annual General Meeting of the RTA Staff Credit Union Limited will be held on the Ground Floor of 260 Elizabeth Street, Surry Hills, on Thursday, 27th September, 1990, commencing at 1.05 pm.

BUSINESS

- To confirm the Minutes of the 25th Annual General Meeting held on Thursday, 21st September, 1989.
- To receive the Chairman's Report, Auditor's Report, the Income and Expenditure Account and Balance Sheet for the year ended 30th June, 1990.
- To elect four Directors.
Ron Sinclair, Don Black, Glen Morgan and Alan Tobin retire in accordance with the Rules and offer themselves for re-election.
- To appoint an Auditor and fix the remuneration.
- To place the special resolution as detailed herein before the members for adoption.
- To transact any other business that may be brought forward in accordance with the Rules.

Nomination forms for the appointment of Directors are available from the undersigned. Nominations will close at 4 pm on 25th September, 1990, 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

CHAIRMAN'S REPORT 1989/90

I have much pleasure in submitting the 26th Annual Report and Financial Statements for the year ended 30th June, 1990.

You would all appreciate that the general economic climate in evidence during the year created a most complex environment in which to conduct the operations of the Credit Union.

The results for the year reflects a very conscious decision of your Board of Directors to adhere to the most basic of principles governing Credit Union operations — “putting people before profit”.

Loan rates were held at existing levels in order to assist as many members as possible whilst competitive interest rates on investments were offered throughout the year. This was achieved through continued improvements in the efficiency of Credit Union operations.

Highlights for the financial year were:

- Total assets were up 19% to \$18.4M.
- Savings and investments increased by 21% to \$16.3M.
- 75% of income was returned to members by way of interest compared to the industry average of 62%.
- Funds turnover increased by 48% to \$42.5M without any increase in staff.
- Improvement in the Credit Union's operating efficiency is reflected in the reduction of the gross interest margin from 4.81% at 30th June, 1989, to 3.61% at 30th June, 1990.

Although, the net surplus of \$146,422 was less than the previous year, it is still more than adequate. Further, outstanding loan balances increased by 28% over the previous year and this will provide a sound profit basis for future years should interest rates payable on investments decline as expected.

Your Credit Union remains committed to the continuing provision of competitive, low cost financial services. In 1989/90, computer systems were upgraded to provide more efficient administration and improved account statements and in 1990/91, personalised cheque account facilities will be introduced.

I acknowledge with much appreciation:

- The 5438 members for their support and business.
- The outstanding commitment and service by the Secretary/Manager, Don Jones, and his staff.
- Credit Committees and all volunteers.
- My fellow Directors for their support, dedication and commitment during the year.

For and on behalf of the Board,

R. B. McDOWELL
Chairman

28th August, 1990

BALANCE SHEET

as at 30th June, 1990

ASSETS	Note	1990 \$	1989 \$
ADVANCES			
Loans to Members		16,430,999	12,810,186
Less: Provision for Doubtful Debts	5	(310,000)	(270,000)
		<u>16,120,999</u>	<u>12,540,186</u>
FIXED ASSETS			
Office Furniture, Fittings and Equipment at cost		13,976	17,296
Less: Provision for Depreciation		(4,458)	(6,040)
		<u>9,518</u>	<u>11,256</u>
Computer Hardware/Software at cost		134,298	23,790
Less: Provision for Depreciation		(35,026)	(23,417)
		<u>99,272</u>	<u>373</u>
INVESTMENTS			
Premier State Bonds		200,000	200,000
Australian Savings Bonds		100,000	100,000
Telecom		100,000	100,000
Deposits:			
National Australia Bank		—	100,000
Primary Industry Bank of Australia		250,000	150,000
Association of NSW Credit Unions Ltd		1,200,000	1,900,000
Subordinated Deferred Deposit — ANSWCU ..		47,453	47,453
Shares in ANSWCU (at cost)		2,705	2,651
Shares in AFCUL		1	—
		<u>1,900,159</u>	<u>2,600,104</u>
SAVINGS RESERVE FUND	6	95,689	90,745
CURRENT ASSETS			
Cash on Hand		40,200	40,200
Cash at Bank — Interest Bearing		12,037	22,185
Sundry Debtors		34,172	97,412
Prepayments		3,783	7,681
Accrued Interest on Investments		82,701	98,255
		<u>172,893</u>	<u>265,733</u>
TOTAL ASSETS		<u>18,398,530</u>	<u>15,508,397</u>
LIABILITIES			
MEMBERS' DEPOSITS			
Savings — at Call		4,881,026	4,616,553
Term Investments		10,257,586	7,906,390
Redifund		1,140,929	927,083
		<u>16,279,541</u>	<u>13,450,026</u>
CURRENT LIABILITIES			
Accrued Charges		17,347	32,322
Accrued Interest		345,511	361,244
Provision for Staff Leave		41,905	39,213
Provision for Long Service Leave		30,326	25,370
Sundry Creditors		3,262	329
Provision for Development of Members' Services		113,000	170,000
Provision for Taxation	7	21,744	31,891
		<u>573,095</u>	<u>660,369</u>
TOTAL LIABILITIES		<u>16,852,636</u>	<u>14,110,395</u>
NETT ASSETS		<u>1,545,894</u>	<u>1,398,002</u>
MEMBERS' FUNDS			
Issued Capital 27,190 (1989: 26,455) shares of \$2 each fully paid.....		54,380	52,910
Statutory Reserve	4	578,240	493,473
Appropriation Account		913,274	851,619
		<u>1,545,894</u>	<u>1,398,002</u>

The accompanying notes form part of these accounts

INCOME & EXPENDITURE ACCOUNT for the Year Ended 30th June, 1990

	1990	1989
	\$	\$
INCOME		
Interest on Loans to Members	2,288,229	1,743,527
Interest on Investments	335,471	470,278
Entrance Fees	321	221
Bad Debts Recovered	5,897	5,020
Commission	43,065	27,039
	2,672,983	2,246,085
EXPENDITURE		
Interest paid on Members' Savings:		
— At Call	357,148	348,985
— Term Investments	1,540,754	1,014,202
— Redifund	113,322	106,143
	2,011,224	1,469,330
Surplus before Operating Expenses	661,759	776,755
Operating Expenses:		
Affiliation Fees	10,030	9,297
Audit Fees	14,406	9,500
Bad Debts Written Off	40,550	37,676
Bank Charges	10,129	8,486
Cash Delivery Service	13,187	12,883
Computer — Depreciation	34,507	1,590
— Maintenance	11,572	—
— Installation/Stationery	11,402	—
Debt Collection Fees	3,434	5,028
Depreciation — Office Furniture and Equipment	1,738	1,161
Federal Debit Tax	10,249	10,336
Financial Institutions Duty	12,938	9,799
General Office Expenses	8,200	11,278
Insurance — Loan Protection	54,402	41,404
— Fidelity	5,582	5,151
— Workers' Compensation	953	1,207
Legal Fees	—	738
Management Fees	—	8,000
Marketing	10,682	8,574
Postage	5,754	5,185
Printing and Stationery	13,989	8,396
Provisions — Doubtful Debts	40,000	70,000
— Staff Leave	2,692	6,164
— Long Service Leave	4,956	4,378
Rent	18,995	2,000
Repairs and Maintenance	1,474	1,248
Salaries	192,699	179,013
Superannuation	4,294	4,296
Staff Advertising and Recruitment	600	—
Stamp Duty	4,500	500
Temporary Staff	3,824	9,524
	547,738	472,812
Other Expenses		
Donation to Nyngan Flood Appeal	500	—
Operating Surplus before Abnormal Items and Income Tax	113,521	303,943
Abnormal Item		
Provision for Development of Members' Services (no tax applicable)	57,000	(50,000)
Operating Surplus before Income Tax	170,521	253,943
Income Tax Expense applicable	(24,099)	(29,401)
Surplus for the year transferred to Appropriation Account	146,422	224,542

APPROPRIATION ACCOUNT for the Year Ended 30th June, 1990

	1990	1989
	\$	\$
Balance Brought Forward	851,619	704,027
Add: Surplus transferred from Income and Expenditure Account	146,422	224,542
	998,041	928,569
Less: Transfer to Statutory Reserve	84,767	76,950
Balance Carried Forward	913,274	851,619

The accompanying notes form part of these accounts

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the Year Ended 30th June, 1990

	Note	1990	1989
SOURCES OF FUNDS		\$	\$
Funds from Operations	9(a)		
Inflows of Funds from Operations		2,672,983	2,246,085
Less: Outflows of Funds from Operations		<u>2,515,569</u>	<u>1,928,849</u>
		157,414	317,236
Increase/(decrease) in members' deposits		2,829,515	(270,530)
Decrease in investments		699,945	1,149,965
Decrease in working capital	9(b)	65,065	132,987
Increase in issued capital		1,470	260
		<u>3,753,409</u>	<u>1,329,918</u>
 APPLICATIONS OF FUNDS			
Increase in Assets			
Loans to Members		3,580,813	1,320,252
Purchase of Fixed Assets		<u>133,406</u>	<u>1,193</u>
		3,714,219	1,321,445
Increase in Savings Reserve Fund		4,944	—
Income Tax Paid		<u>34,246</u>	<u>8,473</u>
		<u>3,753,409</u>	<u>1,329,918</u>

The accompanying notes form part of these accounts

AUDITORS REPORT TO THE MEMBERS

for the Year Ended 30th June, 1990

We have audited the books of account and other records of R.T.A. 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, 1990; and
 - (ii) in the case of the Income and Expenditure Account, of the surplus for the year ended 30th June, 1990.
- (e) In our opinion, the register of members and other records which the Credit Union is required to keep by or under the Credit Union Act or by its Rules have been properly kept.
- (f) The rules relating to the administration of the Credit Union funds have been observed.

KPMG PEAT MARWICK
Chartered Accountants
PAUL F. GREW
(Partner)

Sydney, August, 1990.

Tower Building,
Australia Square,
Sydney, NSW 2000

**NOTES TO AND FORMING PART OF
THE FINANCIAL ACCOUNTS
for the Year Ended 30th June, 1990**

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	1990	1989
	\$	\$
Opening Balance	493,473	416,523
Transfer in accordance with the Statutory requirement	84,767	76,950
Closing Balance	<u>578,240</u>	<u>493,473</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 \$310,000 which represents approximately 1.89% of the total value of loans outstanding. The minimum provision which would be required by the Credit Union Act is \$267,368.

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 \$66,698 (1989 — \$99,038) varies from income tax expense due to abnormal items with no income tax applicable and interest paid to the Credit Union by its members which is exempt from tax in accordance with Section 23(g) of the Income Tax Assessment Act.

Accordingly, after apportionment of allowable expenses against interest paid by members and other income earned by the Credit Union income tax of \$21,744 (1989—\$31,891) is estimated to be payable. In the prior year income tax was overprovided by \$2,355 (1989 — \$2,490).

8. Segment Reporting

The entity operates as a Credit Union in Australia.

9. Statement of Sources and Applications of Funds

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

	1990	1989
	\$	\$
Funds from Operations	<u>157,414</u>	<u>317,236</u>
<i>Less: Provision for:</i>		
Depreciation	36,245	2,751
Long Service Leave	4,956	4,378
Staff Leave	<u>2,692</u>	<u>6,164</u>
Abnormal Item	<u>43,893</u>	<u>13,293</u>
Provision for development of members' services	<u>(57,000)</u>	<u>50,000</u>
	<u><u>170,521</u></u>	<u><u>253,943</u></u>

(b) Decrease in Working Capital
Increase/(Decrease) in current assets

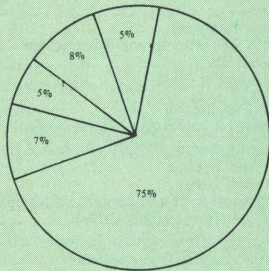
Cash at Bank and On Hand	(10,148)	(29,810)
Prepayments and Accruals	(19,452)	19,068
Sundry Debtors	<u>(63,240)</u>	<u>80,108</u>
	<u>(92,840)</u>	<u>69,366</u>

Increase/(Decrease) in current liabilities

Sundry Creditors	2,933	(156)
Accruals	<u>(30,708)</u>	<u>202,509</u>
	<u>(27,775)</u>	<u>202,353</u>
	<u><u>65,065</u></u>	<u><u>132,987</u></u>

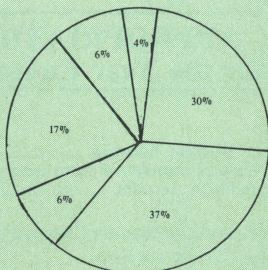
HOW YOUR INCOME WAS USED

Interest Paid to Members	75%
Surplus	5%
Staff Costs	8%
Loan Costs	5%
Office Administration	7%



PURPOSE OF LOANS

Property Purchases and Improvements	37%
Motor Vehicle Purchases and Costs	30%
Household Goods	6%
Consolidating Debts	17%
Holidays and Travel	4%
Miscellaneous inc. Boats and Caravans	6%



5 YEAR GROWTH CHART

	1986	1987	1988	1989	1990	% Increase of 1990 over 1989
Number of Members	4,950	5,209	5,265	5,291	5,438	3
Total Assets	\$ 10,605,045	\$ 12,964,113	\$ 15,270,301	\$ 15,508,397	\$ 18,398,530	19
Total Shareholders' Funds	927,849	1,072,666	1,173,201	1,398,002	1,545,894	11
Members' Loans Outstanding	8,913,799	10,757,893	11,419,934	12,810,186	16,430,999	28
Loans Granted Each Year	5,774,369	6,693,604	5,958,853	8,280,444	9,631,298	16
Total Loans Granted	34,656,085	41,349,689	47,308,542	55,588,986	65,220,284	17
Members' Savings and Investments..	9,510,969	11,643,445	13,720,556	13,450,026	16,279,541	21
Average Deposit per Member	1,921	2,235	2,606	2,542	2,993	18
Income	1,450,486	1,834,664	2,037,409	2,246,085	2,672,983	19
Interest Paid to Members	932,891	1,341,950	1,404,146	1,469,330	2,011,224	37
Total Funds Turnover.....	20,713,024	23,711,205	26,014,214	28,790,703	42,578,114	48

SPECIAL RESOLUTION

The purpose of the special resolution is to alter the rules of the Credit Union to give effect to the recommendations of the Registry of Credit Unions, the Credit Union Savings Reserve Board and Association of New South Wales Credit Unions concerning the field of membership and lending rules.

The following special resolutions will be placed before members for adoption:

1. The existing Rule 10 (1) (Loans to Members) be deleted and the following new rules be inserted:

Rule 10

- (1) Loans may be made to a person who is a natural person and who is admitted to membership pursuant to Rule 19.
 - (2) Rule 19 shall not be altered without the prior approval of the Registrar.
2. The existing rule 19 (Membership and Shares) be deleted and the following new rule be inserted:

Rule 19

- (1) This is a Special Rule as defined in Section 3 of the Act.
- (2) A person shall not be admitted as a member unless the person is a natural person and is:
 - (a) an employee of the Roads and Traffic Authority of New South Wales or an employee of the RTA Staff Credit Union LimitedOR
 - (b) The wife, husband, whether by blood or marriage, the daughter, son, mother, father, sister, brother, grandparent, grandchild, aunt, uncle, niece or nephew of a member of the credit union who is a member of the class referred to in (a) of this rule.OR
 - (c) The wife, husband, whether by blood or marriage, the daughter, son, mother, father, sister, brother, grandparent, grandchild, aunt, uncle, niece or nephew of a member of the credit union who is a member of the class referred to in (b) of this rule.OR
 - (d) A person who was a member of the credit union on 27th September, 1990.
- (3) Nothing in this rule shall disqualify from membership a person who was but has ceased to be entitled to membership in accordance with (a) (b) (c) or (d) of this rule, provided that he/she was a member at the time of ceasing to be so entitled and had been a member continuously since that time.
- (4) Applications for membership and shares or for additional shares shall be lodged at the registered office in or to the effect of the prescribed form. Every application for membership shall be accompanied by an entrance fee of 50c (50 cents) and the subscriptions on shares referred to in Rule 24.

- (5) Every such application shall be considered by the Board and if approved by it, the Credit Union shall allot the shares applied for and the applicant's name together with the number of shares allotted, date of allotment and any other information required by regulation shall be entered in the Register of Members. The applicant shall be notified in writing of the allotment and of the entry in the Register and he shall thereupon be entitled to the privileges of membership. Provided that where the board has delegated power to admit persons to membership in terms of Rule 19A applications for membership only may be approved by the delegate under the conditions specified in that rule and the instrument of delegation.
- (6) The Board may at its discretion admit to membership any other person who is not already specified above provided that the persons so admitted are natural persons who wish to use the services of the Credit Union as individuals and that the number of current members who are not of a class already specified above does not exceed a maximum of five percentum of the total membership of the Credit Union or 1,000 members, which ever is the higher at any one time.
- (7) The Board may at its discretion refuse any application for membership or shares and need assign no reasons for such refusal. Upon refusal the applicant's subscriptions shall be refunded without interest.
- (8) The terms of this rule shall not be altered without the prior approval of the Registrar.

Rule 19B

- (1) This is a Special Rule as defined in Section 3 of the Act.
- (2) In this Rule "Corporate Member" means a member other than a natural person.
- (3) A Corporate Member may be admitted as a member, provided that the member is an organisation having an office or business association with the Roads & Traffic Authority of New South Wales.
- (4) Applications for Corporate Membership and shares or for additional shares shall be dealt with in accordance with the provisions of Rule 19 (4), (5) and (7).
- (5) The Board may at its discretion admit to membership any other corporation that is not already specified above provided that the number of corporations so admitted does not exceed two hundred.