

27th

*Annual
Report
1991*

RTA STAFF



CREDIT UNION

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of the RTA STAFF Credit Union Limited will be held on the Seventh Floor of 260 Elizabeth Street, Surry Hills, on Wednesday, 18th September, 1991 commencing at 1.05 p.m.

BUSINESS

- To confirm the Minutes of the 26th Annual General Meeting held on Thursday, 27th September, 1990.
- To receive the Chairman's Report, Auditor's Report, the Income and Expenditure Account and Balance Sheet for the year ended 30th June, 1991.
- 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.
- 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 p.m. on 16th September, 1991, 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 1990/91

On behalf of the Board of Directors, it is my pleasure to submit the 27th Annual Report and Financial Statements for the year ended 30th June 1991.

The results for the year reflect your Credit Union's continued policy of providing a secure, competitive and low cost environment to encourage members to "save regularly" and "borrow wisely".

The economic instability of the past year resulted in major Australia-wide increases in bad debts, bankruptcies and other financial losses. Your Credit Union has, of course, not been isolated from this environment, as reflected by an increase in the number of bad debts written off during the year. Whilst these debts have been written out of the Credit Union's accounts in accordance with prudent business practices, the recovery of such debts continues to be pursued by our debt collection agencies. Further, the total provision for doubtful debts included in the accounts is well in excess of the amount required by legislation.

The policies adopted in the previous financial year resulted in the net surplus for 1990/91 of \$186,425 being 27% higher than in 1989/90. Although income from investments was considerably less than 1989/90, reflecting the downward trend in interest rates and reduced liquidity from a high loan demand, this was offset by a 14% increase in interest from members' loans due to the sound base established in 1989/90 and the continued demand into 1990/91.

Other highlights for the financial year were:-

- Introduction of personalised cheque accounts for members
- Loan rates maintained at existing low levels.
- Continuation of competitive interest rates on members' investments throughout the year.
- Total assets increased by 10.8% to \$20.3M.
- Members' savings and investments were up 11.4% to \$18.1M.
- 72% of income was returned to members by way of interest, compared to the industry average of 57%.

- Operating costs represented 23% of income compared to the Credit Union Savings Reserve Board standard of 30%.

Your Credit Union remains committed to the continuing provision of competitive, low cost financial services. If the general economic climate improves, as expected in the 1991/92, there should be significant flow-on effect of benefits to members as a result of the sound financial position achieved through efficient operations of the Credit Union over the past two difficult years.

I acknowledge with much appreciation -

- the 5,463 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

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)

I. MAIDMENT

C. MILNE

V. YEE

A. BEDDOWES

J. BADENOCH

L. WILLIAMS

AUDITORS

KPMG PEAT MARWICK

M.L.C. CENTRE

SYDNEY

SOLICITORS

LANGE & CO.

Cnr. King & George Streets, Sydney

BANKERS

NATIONAL AUSTRALIA BANK

118A Burwood Road, BURWOOD

BALANCE SHEET

AS AT 30 JUNE 1991

	Note	1991 \$	1990 \$
ASSETS			
ADVANCES			
Loans to Members		18,003,047	16,430,999
Less: Provision for Doubtful Debts	5	(321,200)	(310,000)
		<u>17,681,847</u>	<u>16,120,999</u>
FIXED ASSETS			
Office Furniture, Fittings and Equipment (at cost)		17,323	13,976
Less: Provision for Depreciation		(5,713)	(4,458)
		<u>11,610</u>	<u>9,518</u>
Computer Hardware/Software (at cost)		136,998	134,298
Less: Provision for Depreciation		(68,821)	(35,026)
		<u>68,177</u>	<u>99,272</u>
INVESTMENTS			
Premier State Bonds		100,000	200,000
Australian Saving Bonds		-	100,000
Telecom		100,000	100,000
Deposits with:			
Primary Industry Bank of Australia		200,000	250,000
Association of NSW Credit Unions Ltd		1,700,000	1,200,000
Subordinated Deferred Deposit - ANSWCU		119,451	47,453
Shares in ANSWCU (at cost)		9,955	2,705
Shares in AFCUL		1	1
		<u>2,229,407</u>	<u>1,900,159</u>
SAVINGS RESERVE FUND	6	113,088	95,689
CURRENT ASSETS			
Cash on Hand		80,200	40,200
Cash at Bank - Interest Bearing		103,411	12,037
Sundry Debtors		19,403	34,172
Prepayments		5,884	3,783
Accrued Interest on Investments		67,618	82,701
		<u>276,516</u>	<u>172,893</u>
TOTAL ASSETS		<u>20,380,645</u>	<u>18,398,530</u>
LIABILITIES			
MEMBERS' DEPOSITS			
Savings - at Call		5,182,912	4,881,026
Term Investments		11,465,156	10,257,586
Redifund		1,479,650	1,140,929
		<u>18,127,718</u>	<u>16,279,541</u>
CURRENT LIABILITIES			
Accrued Charges		22,828	17,347
Accrued Interest		335,205	345,511
Provision for Staff Leave		40,207	41,905
Provision for Long Service Leave		28,477	30,326
Sundry Creditors		2,519	3,262
Provision for Development of Members' Services		79,000	113,000
Provision for Taxation	7	12,122	21,744
		<u>520,358</u>	<u>573,095</u>
TOTAL LIABILITIES		<u>18,648,076</u>	<u>16,852,636</u>
NET ASSETS		<u>1,732,569</u>	<u>1,545,894</u>
MEMBERS' FUNDS			
Issued Capital 27,315 (1990 -27,190) shares of \$2 each, fully paid		54,630	54,380
Statutory Reserve	4	675,188	578,240
Appropriation Account		1,002,751	913,274
		<u>1,732,569</u>	<u>1,545,894</u>

The accompanying notes form part of these accounts.

STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 1991 (Continued)

	Note	1991 \$	1990 \$
INCOME			
Interest on Loans to Members		2,610,255	2,288,229
Interest on Investments		281,543	335,471
Entrance Fees		255	321
Bad Debts Recovered		13,083	5,897
Commission		31,140	43,065
		<u>2,936,276</u>	<u>2,672,983</u>
EXPENDITURE			
Interest paid			
Members' Savings - at Call		374,713	357,148
- Term Savings		1,518,614	1,540,754
- Redifund		177,923	113,322
Borrowings from ANSWCU		29,586	-
		<u>2,100,836</u>	<u>2,011,224</u>
Surplus before Operating Expenses		<u>835,440</u>	<u>661,759</u>
Less: Operating Expenses			
Loan Administration and Collection			
Bad Debts written off		123,521	40,550
Provision for Doubtful Debts	5	11,200	40,000
Other		5,676	3,434
		<u>140,397</u>	<u>83,984</u>
Salaries and Associated Costs			
Salaries and other staff expenses		211,349	198,076
Provision for Annual Leave		(1,698)	2,692
Provision for Long Service Leave		(1,849)	4,956
Superannuation		4,611	4,294
		<u>212,413</u>	<u>210,018</u>
Member Protection Benefits			
Affiliation Fees		11,718	10,030
Audit Fees	2	17,667	14,406
Fidelity Insurance		7,671	5,582
Loan Protection Insurance		64,318	54,402
		<u>101,374</u>	<u>84,420</u>
Marketing and Promotion		<u>13,197</u>	<u>10,682</u>
Member Services			
Member Chequing		<u>8,211</u>	<u>-</u>
Data Processing			
Depreciation of Computer			
Hardware	3	19,826	23,240
Depreciation of Software		13,968	11,267
Other		26,815	22,974
		<u>60,609</u>	<u>57,481</u>
Accommodation			
Rent		<u>29,970</u>	<u>18,995</u>
Administration			
Bank and Cash Delivery Charges		25,110	23,316
Depreciation of Office Furniture	3	1,255	1,738
Federal and State Government Taxes		35,395	23,187
Printing and Stationery		13,387	13,989
Postage		8,237	5,754
Other		18,587	14,874
		<u>101,971</u>	<u>82,158</u>
Total Operating Costs		<u>668,142</u>	<u>547,738</u>
Other Expenses			
Donation to Nyngan Flood Appeal		-	500
Operating Surplus Before Abnormal Items and Income Tax		<u>167,298</u>	<u>113,521</u>
Abnormal Items			
Provision for Development of Member Services written back		(34,000)	(57,000)
Operating Surplus Before Income Tax		<u>201,298</u>	<u>170,521</u>
Income Tax Expense Applicable	7	(14,873)	(24,099)
Surplus for the Year Transferred to Appropriation Account		<u>186,425</u>	<u>146,422</u>

APPROPRIATION ACCOUNT

FOR THE YEAR ENDED 30 JUNE 1991

	Note	1991 \$	1990 \$
Balance Brought Forward		913,274	851,619
Add: Surplus transferred from Income and Expenditure Account		186,425	146,422
		<u>1,099,699</u>	<u>998,041</u>
Less: Transfer to Statutory Reserve	4	96,948	84,767
Balance Carried Forward		<u><u>1,002,751</u></u>	<u><u>913,274</u></u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30 JUNE 1991

	Note	1991 \$	1990 \$
SOURCE OF FUNDS			
Funds from operations	9(a)		
Inflows of funds from operations		2,936,276	2,672,983
Less: Outflows of funds from operations		<u>2,737,476</u>	<u>2,515,569</u>
		198,800	157,414
Increase/(decrease) in members' deposits		1,848,177	2,829,515
Decrease in investments		-	699,945
Decrease in working capital	9(b)	-	65,065
Increase in issued capital		250	1,470
		<u>2,047,227</u>	<u>3,753,409</u>
APPLICATION OF FUNDS			
Increase in assets			
Loans to members		1,560,848	3,580,813
Purchase of fixed assets		<u>6,046</u>	<u>133,406</u>
		1,566,894	3,714,219
Increase in Investments		329,248	-
Increase in Savings Reserve Fund		17,399	4,944
Increase in working capital	9(b)	109,191	-
Income tax paid		<u>24,495</u>	<u>34,246</u>
		<u>2,047,227</u>	<u>3,753,409</u>

AUDITOR'S REPORT TO THE MEMBERS

FOR THE YEAR ENDED 30 JUNE 1991

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.

- We 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 the Credit Union so far as appears from our examination of those Books.
- The attached Balance Sheet, Appropriation Account and Income and Expenditure Account are in agreement with the Books of Account.
- 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 are properly drawn up in accordance with statements of Accounting Concepts and Australian Accounting Standards to give a true and fair view of:
 - in the case of the Balance Sheet, of the state of affairs of the Credit Union as at 30 June 1991; and
 - in the case of the Income and Expenditure Account, of the surplus for the year ended 30 June 1991.
- 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.
- The Rules relating to the administration of the Credit Union funds have been observed.

Sydney
August 1991
MLC Centre
Martin Place SYDNEY NSW 2000

KPMG PEAT MARWICK
(Chartered Accountants)
A DICKINSON
(Partner)

NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 1991

1. BASIS OF PREPARATION OF ACCOUNTS

The accounts of the Credit Union have been drawn up in accordance with the accounting concepts, standards and disclosed requirements of the Australian accounting bodies prepared on the basis of historical costs and do not take into account changing money value 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

	1991 \$	1990 \$
Opening Balance	578,240	493,473
Transfer in accordance with the Statutory Requirement	96,948	84,767
	<u>675,188</u>	<u>578,240</u>
Closing balance	<u>675,188</u>	<u>578,240</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 \$321,200 which represents approximately 1.8% of the total value of loans outstanding. The minimum provision which would be required by the Credit Union Act, 1969 is \$249,685.

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 \$78,506 (1990 - \$66,698) 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 \$12,122 (1990 - \$21,744) is estimated to be payable. In the prior year income tax was underprovided by \$2,751 (1990 - \$2,355).

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:

	1991 \$	1990 \$
Funds from operations	198,800	157,414
Less: Provision for:		
- Depreciation	35,049	36,245
- Long service leave	(1,849)	4,956
- Staff leave	(1,698)	2,692
	<u>31,502</u>	<u>43,893</u>
Abnormal item		
Provision for development of members' services written back	(34,000)	(57,000)
	<u>201,298</u>	<u>170,521</u>

(b) Increase/(decrease) in working capital

Increase/(decrease) in current assets		
Cash at bank and on hand	131,374	(10,148)
Prepayments and accruals	(12,982)	(19,452)
Sundry debtors	(14,769)	(63,240)
	<u>103,623</u>	<u>(92,840)</u>
Increase/(decrease) in current liabilities		
Sundry creditors	(743)	2,933
Accruals	(4,825)	(30,708)
	<u>(5,568)</u>	<u>(27,775)</u>
	<u>109,191</u>	<u>(65,065)</u>

10. RELATED PARTY TRANSACTIONS

Transactions with directors are made on the same terms and conditions as other members of the Credit Union.

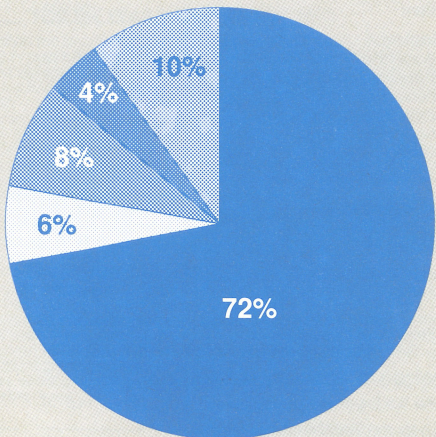
5 YEAR G

	1987
NUMBER OF MEMBERS	5,209
	\$
TOTAL ASSETS	12,964,113
TOTAL SHAREHOLDERS' FUNDS	1,072,666
MEMBERS' LOANS OUTSTANDING	10,757,893
LOANS GRANTED EACH YEAR	6,693,604
TOTAL LOANS GRANTED	41,349,689
MEMBERS' SAVINGS & INVESTMENTS	11,643,445
AVERAGE DEPOSIT PER MEMBER	2,235
INCOME	1,834,664
INTEREST PAID TO MEMBERS	1,341,950
TOTAL FUNDS TURNOVER	23,711,205

() = DECREASE

HOW YOUR INCOME WAS USED:

Interest paid to members	72%
Surplus	6%
Staff Costs	8%
Loan Costs	4%
Office Administration	10%

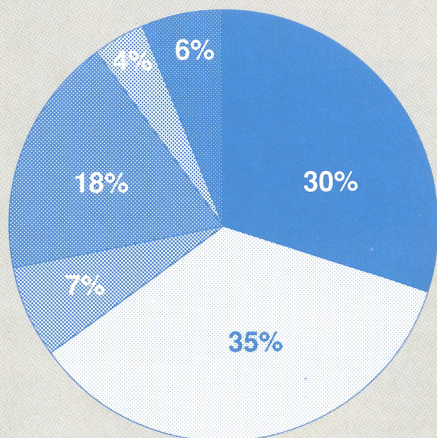


GROWTH CHART

1988	1989	1990	1991	% increase of 1991 over 1990
5,265	5,291	5,438	5,463	0.5
\$	\$	\$	\$	
10,301	15,508,397	18,398,530	20,380,645	10.8
3,201	1,398,002	1,545,894	1,732,569	12.1
9,934	12,810,186	16,430,999	18,003,047	9.6
3,853	8,280,444	9,631,298	8,205,307	(14.8)
3,542	55,588,986	65,220,284	73,425,591	12.6
10,556	13,450,026	16,279,541	18,127,718	11.4
2,606	2,542	2,993	3,318	10.9
7,409	2,246,085	2,672,983	2,936,276	9.8
4,146	1,469,330	2,011,224	2,100,836	4.5
4,214	28,790,703	42,578,114	46,247,824	8.6

PURPOSE OF LOANS:

Property Purchases and Improvements	30%
Motor Vehicle Purchases and costs	35%
Household Goods	7%
Consolidating Debts	18%
Holidays and Travel	4%
Miscellaneous including Boats and Caravans	6%



SPECIAL RESOLUTION

The purpose of the Special Resolution is to update the rules to agree with current practices of the Credit Union and to make the rules consistent with the standard rules of the Registrar of Co-operative Societies.

Accordingly, the following resolutions will be put to the members as special resolutions to affect amendments to the rules of the Credit Union.

RULE 19B - CORPORATE MEMBERSHIP- & SHARES

Existing Rule 19B (3) -

A Corporate Member may be admitted as a member, provided that the member is:-

- (a) an organisation which has the loans services of the credit union covering the organisation's members pursuant to paragraph (1) of Rule 10 and paragraph (2) of Rule 19.

- (1) That the rules of the Credit Union be amended by altering the above rule by deleting the word "members" between the words "organisation's" and "pursuant" insert the following words "employees (or members)".

RULE 65 - AUDITOR

Existing Rule 65 (viii) -

The remuneration of the auditors of the credit union shall be fixed by the credit union in general meeting, except that the remuneration of any auditors appointed by the board may be fixed by the board.

- (2) That the rules of the Credit Union be amended by deleting the above rule and inserting the following new rule:

The remuneration of the auditors of the credit union may be fixed by the credit union in general meeting but, if not, the remuneration of any auditors shall be fixed by the board.

RULE 75 - SUPERVISORY COMMITTEE

Existing Rule 75 -

There shall be a Supervisory Committee consisting of six members of the credit union

none of whom shall be a director. The Supervisory Committee shall work in conjunction with the credit union's auditors and shall -

- (i) at least quarterly make an examination of the affairs of the credit union, including an audit of its books.
- (ii) prepare and submit to the members of the credit union at each Annual Meeting a report on the affairs of the credit union.
- (iii) report as considered necessary, but at least by the 31st May and 30th November each year, to the Board. The report shall cover the activities of the committee and embrace all matters which in the opinion of the committee require attention.

The members of the Supervisory Committee shall be elected at Annual General Meetings. Three members of the Committee shall retire in rotation at each Annual General Meeting.

The provisions of Rule 43 to 48 inclusive shall apply, mutatis mutandis, to the committee. The committee may regulate its proceedings as it deems fit.

A majority of the members of the committee may convene a Special General Meeting of the credit union if they are satisfied that the credit union or the Board has contravened the provisions of the Credit Union Act or the rules of the credit union which justifies the calling of such a meeting. The provisions of Rule 30 (i) (e) and (f) shall apply, mutatis mutandis, to any meeting of the credit union convened by members of the Committee.

- (3) That the rules of the Credit Union be amended by deleting: the word "shall" on line one of the above rule and in its place insert the word "may". Also by inserting the following additional words "up to" between the words "of" and "six" on line two of the above rule.