

RTA STAFF CREDIT UNION LIMITED

Serving City & Country

**38TH
ANNUAL
FINANCIAL
REPORT
2002**

R.T.A. Staff Credit Union Limited ABN 78 087 650 600
Registered Office
Suites 24, 25, & 26, Level 2, KMS Building
8-24 Kippax Street, Surry Hills NSW

"Your Road To Financial Success"

NOTICE OF ANNUAL GENERAL MEETING

The 38th Annual General Meeting of R.T.A. Staff Credit Union Limited (ACN 087 650 600) will be held in the Oxford 2 Room located on Level One of the Furama Hotel Central, 22-44 Albion Street, Surry Hills (opposite RTA Head Office, Centennial Plaza) on Thursday 28th November, 2002 commencing at 1.00 pm.

MEMBERS OF THE BOARD OF DIRECTORS

Noel Hancock (Chairman)
Glen Morgan
Bruce McNamara
Sue Kemp
Warwick Randell
Vince Taranto

ADMINISTRATION

Steve Warren (General Manager)
John Kavalieros (Finance & Administration Manager)
Viena Yee (Member Services Consultant)
Scott Foster (Member Services Consultant)
Joanne Badenoch (Loans Consultant)
Joanne Pilkington (Loans Consultant)
Lisa Flynn (Member Services/Loans Consultant)
Aaron Terry (Trainee Member Services Consultant)

AUDITORS (External)

Kendalls, Chartered Accountants
5th Floor, 460 Church Street
North Parramatta

AUDITOR (Internal)

Geoffrey Bannister

BANKERS

Credit Union Services Corporation (Australia) Ltd.
Centralised banking scheme with National Australia Bank

SOLICITORS

Tress Cocks & Maddox
Level 20, 135 King Street, Sydney

R.T.A. STAFF CREDIT UNION LIMITED

YEAR ENDED 30 JUNE 2002

KEY TO ABBREVIATIONS

APRA **Australian Prudential Regulation Authority**

Regulatory body responsible for the prudential supervision of banks, life insurers, general insurers, superannuation, building societies, credit unions and friendly societies. APRA is fully funded by the industries that it supervises.

ASIC **Australian Securities & Investments Commission**

Federal Government regulatory body that regulates financial services and national regulator of all Australian companies. Regulation includes: advising, selling and disclosure of financial products and services, protection of markets and consumers from manipulation, deception and unfair practices, and promotion of honesty and fairness in securities and futures markets and in company affairs.

CUFSS **Credit Union Financial Support System**

Industry-based liquidity support system with the objective of protecting the interests of credit union members as depositors and to promote financial sector stability, in relation to credit unions.

SSP **Special Services Provider**

These organisations are registered under the Corporations Act, and are subject to direct Supervision by APRA. These organisations promote Credit Unions and provide assistance with banking, Electronic Fund Transfer, EDP Systems and other services. Your Credit Union is associated with Credit Union Services Corporation Australia Limited (CUSCAL).

Refer also to Note 26 for further explanations on CUSCAL services.

Note: Any reference to the "company" is a reference to R.T.A. Staff Credit Union Limited (the "Credit Union") and vice versa. R.T.A. Staff Credit Union Limited (ACN 087 650 600) is a public company limited by shares, under the Corporations Act.

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KEY STATISTICS OF THE CREDIT UNION

	1998	1999	2000	2001	2002
Members (No.)	4,924	4,844	4,768	4671	4,714
Deposits \$	30,833,933	29,586,034	26,684,297	30,330,842	29,893,019
Average Member Deposit \$	6,262	6,108	5,596	6,493	6,341
Loans \$	26,713,782	25,645,956	26,962,383	28,111,885	28,737,892
Average loan balance \$	5,425	5,294	5,654	6,018	6,096
Loans funded in the year- \$m	8.9	7.2	11.3	11.5	10.6
Bad debts written-off against profit \$	17,157	16,541	561	0	0
Capital adequacy ratio %	22.70	24.96	26.15	24.87	27.44
Total Reserves \$	4,164,865	4,586,448	4,856,201	5,181,624	5,462,523
Total Assets \$	35,818,349	34,726,120	32,433,992	36,005,449	35,706,177
Reserves to Assets %	11.63	13.21	14.97	14.39	15.30
Return/Average Assets %	1.01	0.88	0.76	0.87	0.85
Staff/Member ratio	1:821	1:807	1:692	1:667	1:589
Staff/Asset ratio \$m	1:\$5.96m	1:\$5.97m	1:\$4.63m	1:\$5.14m	1:\$4.46m

PRINCIPAL PRODUCTS

At Call Deposits

Term deposits

Bill Paying Services (Direct Debits)

Telephone Banking Service (PhoneTeller)

Internet Banking (NetTeller)

Payroll Deposits and Direct Credits

Visa Card

Chequing facility

ATM Access via Automated Teller Machines & EFTPOS terminals

(via Redicard & Visacard)

General Insurance Products

BPay® (accessed from PhoneTeller & NetTeller)

Travellers Cheques

Financial Planning Service and Stockbroking Advice

Loans - Personal

- Housing

- Line of Credit

- Overdraft

CHAIRMAN'S REPORT

I am pleased, on behalf of the Board of Directors of the RTA Staff Credit Union, to present to you our 38th Annual Report for the financial year ended 30 June 2002.

The Year in Review

The competition in the financial market place over the past year has again been very fierce, and I believe that this level of competition will continue for the foreseeable future. Despite this competition, the Credit Union has continued to perform admirably throughout the year by providing the high level of services that members have come to expect whilst still achieving a return on assets well above the industry average.

The Credit Union has introduced new products as they have become available to meet members needs and is committed to providing the highest level of friendly efficient service to all members.

2001/2002 Highlights

- Loan fundings averaging \$884,000 per month, totalling just over \$10.6m for the year.
- NetTeller (Internet banking) registrations now up to 314 members or almost 7% of our membership.
- Total increase in members equity (reserves) of \$280,899 (2001 \$325,424).
- No loans were written-off against profit during the year. (2001 Nil)
- The Credit Union has recorded, at year end, the lowest level of bad and doubtful debts, in its history.
- Introduction of fixed rate home loans and interest only investment loans.
- BPay integration into both PhoneTeller and NetTeller.

Operating profit for the year before income tax was \$443,327 (2001 \$494,081). The after-tax operating profit of \$312,292 (2001 \$304,020) represents a return of 0.85% on average assets (2001 0.87%), a result well above the industry average in a year of very low interest margins. In this difficult environment operating costs were contained and we still remain well below the industry average in the area of costs.

In achieving the good result for the year there are a number of people I wish to thank. Firstly, all members, who, together, are the Credit Union, secondly, the staff and management of the Credit Union who produced the outstanding result and whose commitment to the highest level of friendly customer service is appreciated by the Board and I believe, the Members. Lastly I would like to express my gratitude to my fellow Directors, who put in many voluntary hours to ensure that the Credit Union achieves its goals whilst complying with all of the laws and regulations within which it must operate.

The Year Ahead

The financial services industry, of which the Credit Union is a small part, will continue to be competitive into the future. However, with the co-operation of all of the above groups I believe the Credit Union will continue to prosper in what will be difficult times. I can assure you that the Directors and Staff are committed to ensuring that the Credit Union will provide members with new products, fast, friendly and efficient service.

Finally, I commend this report to you, on behalf of the Board of Directors, thanking them for their continuing commitment, and to all members for your loyalty and patronage. We look forward to your continued support.

Noel J. Hancock
Chairman

DIRECTORS' REPORT

Your Directors present their report on the Credit Union for the financial year ended 30 June 2002.

INFORMATION ON DIRECTORS

The names of the Directors in office at any time during or since the end of the year are :

Name	Special Responsibilities	Experience and Qualifications
Noel J Hancock	Chairman 2 years & Audit Committee member	Director 6 years
Bruce H. McNamara	Audit Committee member	Director 4 months
Robert G. Morgan		Director 13 years
Vincent E. Taranto		Director 4 years
Susan A. Kemp		Director 5 years
Warwick.H. Randell	Chairman – Audit Committee	Director 1 year

The details of the meetings attended by Directors of the Board are as follows:

Director	Board		Audit Committee	
	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended
Noel J Hancock	12	12	1	1
Bruce H. McNamara*	4	4		
Robert G. Morgan	12	10	1	0
Patrick M. Murphy**	7	1	1	1
Vincent E. Taranto	12	12		
Susan A. Kemp	12	11		
Warwick H. Randell	12	9		
Maxwell W. De Boos***	5	4		

* Mr B.H. McNamara was appointed to the Board on the 20 February 2002 to fill a casual vacancy left by Mr. M.W. De Boos.

** Mr P.M. Murphy retired from the Board on the 20 February 2002.

*** Mr M.W. De Boos retired from the Board on the 19 December 2001.

RTA STAFF CREDIT UNION LIMITED

ABN 78 087 650 600

2002 Annual Financial Report

DIRECTORS' BENEFITS

No Director has received or become entitled to receive during, or since the financial year, a benefit because of a contract made by the Credit Union, controlled entity, or a related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest, other than that disclosed in Note 26 of the financial report.

INDEMNIFYING OFFICER OR AUDITOR

Insurance premiums have been paid to insure each of the Directors and officers of the Credit Union, against any costs and expenses incurred by them in defending any legal proceeding arising out of their conduct while acting in their capacity as an officer of the Credit Union. In accordance with normal commercial practice disclosure of the premium amount and the nature of the insured liabilities is prohibited by a confidentiality clause in the contract.

No insurance cover has been provided for the benefit of the auditors of the Credit Union.

FINANCIAL PERFORMANCE DISCLOSURES

PRINCIPAL ACTIVITIES

The principal activities of the Credit Union during the year were the provision of retail financial services to members in the form of taking deposits and giving financial accommodation as prescribed by the Constitution.

No significant changes in the nature of these activities occurred during the year.

OPERATING RESULTS

The net profit of the Credit Union for the year after providing for income tax and extraordinary items was \$312,292 (2001 \$304,020).

DIVIDENDS

No dividends have been paid or declared since the end of the financial year and no dividends have been recommended or provided for by the Directors of the Credit Union.

REVIEW OF OPERATIONS

The results of the Credit Union's operations from its activities of providing financial services to its members did not change significantly from those of the previous year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of the affairs of the Credit Union during the year.

EVENTS OCCURRING AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, or state of affairs of the Credit Union in subsequent financial years.


LIKELY DEVELOPMENTS AND RESULTS

No matter, circumstance or likely development in the operations has arisen since the end of the financial year which has significantly affected or may significantly affect:

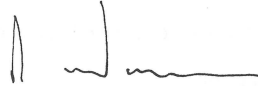
- (i) The operations of the Credit Union;
- (ii) The results of those operations; or
- (iii) The state of affairs of the Credit Union

in the financial years subsequent to this financial year.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Noel J. Hancock
Director



Bruce H. McNamara
Director

Signed and dated this 25th day of September, 2002

INDEPENDENT AUDIT REPORT

To the members of RTA Staff Credit Union Limited

Scope

We have audited the financial report of RTA Staff Credit Union Limited for the financial year ended 30 June 2002, as set out in the accompanying Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and Notes to the Accounts, on pages 10 to 40. The Credit Union's Directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Credit Union.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Credit Union's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of RTA Staff Credit Union Limited is in accordance with:

- (a) The Corporations Act 2001, including:
 - (i) giving a true and fair view of the credit Union's financial position as at 30 June 2002, and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) Other mandatory professional reporting requirements.

Kendalls LMJ

Chartered Accountants



Owen Jackson

Partner

Dated this 26th day of September, 2002

DIRECTORS' DECLARATION

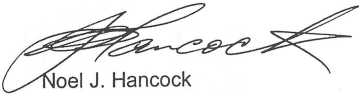
The Directors of RTA Staff Credit Union Limited declare that:-

The financial statements and notes related thereto:-

- (a) Comply with Accounting Standards and the Corporations Act 2001; and
- (b) Give a true and fair view of the financial position of the Credit Union as at 30 June 2002 and performance for the year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that the Credit Union will be able to pay its debts as and when they become due and payable.

This Declaration is made in accordance with a resolution of the Board of Directors.



Noel J. Hancock
Director

Dated this 25th day of September, 2002

**STATEMENT OF FINANCIAL PERFORMANCE
AS AT 30 JUNE 2002**

	Note	2002 \$	2001 \$
Revenue			
Interest revenue	2.a	2,424,895	2,762,962
Non interest revenue	2.b	188,924	214,439
Total income		<u>2,613,819</u>	<u>2,977,401</u>
Expenses from ordinary activities			
Borrowing expenses (Interest expense)			
	2.c	872,856	1,216,469
Non interest expenses			
Bad and doubtful debt expense	2.d	24,287	22,023
Fees and commission		84,169	84,148
		<u>108,456</u>	<u>106,171</u>
General administration			
- Employee costs		443,418	430,189
- Depreciation and amortisation		92,445	114,199
- Information technology		229,588	185,134
- Office occupancy		64,653	63,955
- Other administration		153,955	133,919
Total general administration expenses		<u>984,059</u>	<u>927,396</u>
Other operating expenses		<u>205,121</u>	<u>233,284</u>
Total non interest expenses		<u>1,297,636</u>	<u>1,266,851</u>
Total expenses		<u>2,170,492</u>	<u>2,483,320</u>
OPERATING PROFIT before income tax		443,327	494,081
Income tax expense	3.a	131,035	190,061
OPERATING PROFIT after income tax		<u>312,292</u>	<u>304,020</u>
Other increases in members equity			
Increase in asset revaluation reserve	17	(31,393)	21,404
Total increase in members equity		<u>280,899</u>	<u>325,424</u>

RTA STAFF CREDIT UNION LIMITED

ABN 78 087 650 600

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**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2002**

	Note	2002 \$	2001 \$
ASSETS			
Cash	4	829,207	1,343,124
Receivables due from other financial institutions	5	5,800,000	6,150,000
Receivables	6	140,821	154,448
Loans and advances	7.a & 8	28,210,892	27,561,885
Other investments	9.a	315,463	346,856
Plant and equipment	10	196,023	237,367
Taxation assets	11	213,771	211,769
TOTAL ASSETS		<u>35,706,177</u>	<u>36,005,449</u>
LIABILITIES			
Deposits and borrowings	12	29,940,159	30,377,552
Payables	13	165,118	321,779
Taxation liabilities	14	64,485	38,421
Provisions	15	73,892	86,073
TOTAL LIABILITIES		<u>30,243,654</u>	<u>30,823,825</u>
NET ASSETS		<u>5,462,523</u>	<u>5,181,624</u>
MEMBERS EQUITY			
Capital	16	2,840	970
Reserves	17	33,771	65,164
Retained profits	18	5,425,912	5,115,490
TOTAL MEMBERS EQUITY		<u>5,462,523</u>	<u>5,181,624</u>

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2002**

	Note	2002 \$	2001 \$
OPERATING ACTIVITIES			
Inflows			
Interest received		2,441,727	2,719,300
Fees and commissions		177,104	167,369
Dividends		6,893	16,397
Other income		4,927	3,639
		<u>2,630,651</u>	<u>2,906,705</u>
Outflows			
Interest paid		(893,563)	(1,188,335)
Suppliers and employees		(1,230,832)	(1,134,846)
Income taxes paid		(106,921)	(240,391)
		<u>(2,231,316)</u>	<u>(2,563,572)</u>
Net cash from operating activities	31.b	<u>399,335</u>	<u>343,133</u>
INVESTING ACTIVITIES			
Inflows/(Outflows)			
Receivables from other financial institutions (net movement)		350,000	-
Proceeds on sale of investment in shares		-	287
Proceeds on sale of property, plant and equipment		-	27,700
Receivables from other financial institutions (net movement)		-	(1,250,000)
Purchase of fixed assets		(51,101)	(55,919)
Member loans (net movement)		(626,007)	(1,149,502)
		<u>(327,108)</u>	<u>(2,427,434)</u>
Net cash from investing activities		<u>(327,108)</u>	<u>(2,427,434)</u>
FINANCING ACTIVITIES			
Inflows (Outflows)			
Member deposits and shares (net movement)		(586,144)	3,609,141
		<u>(586,144)</u>	<u>3,609,141</u>
Net cash from financing activities		<u>(586,144)</u>	<u>3,609,141</u>
Total net cash increase/(decrease)		(513,917)	1,524,840
Cash at beginning of year		1,343,124	(181,716)
Cash at end of year	31.a	<u>829,207</u>	<u>1,343,124</u>

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements of the Credit Union are general purpose financial reports drawn up in accordance with the Accounting Standards, other Authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views, and Corporations Act 2001.

a. Basis of Measurement

The financial statements have been prepared on an accruals basis, and are based on historical costs, which do not take into account changing money values or current values of non-current assets, with the exception of buildings which are revalued every three years. The accounting policies are consistent with the prior year unless otherwise stated.

b. Loan to Members

(i) Basis of inclusion

Loans to members are reported at their recoverable amount representing the aggregate amount of principal and unpaid interest owing to the Credit Union at balance date, less any allowance or provision against debts considered doubtful.

(ii) Interest Earned

Term Loans - The loan interest is calculated on the basis of daily balance outstanding and is charged in arrears to a member's account on the last day of each month.

Overdraft - The loan interest is calculated initially on the basis of the daily balance outstanding and is charged in arrears to a member's account on the last day of each month.

Loan Interest Stopped - While still legally recoverable, interest is not brought to account as income when the Credit Union is informed that the member has deceased, or on impaired loans where recovery of the debt is considered unlikely as determined by the Board of Directors. Generally interest is not brought to account as revenue after the irregularity exceeds 90 days.

(iii) Loan Fees

Loan establishment fees, which do not exceed the amount of costs recouped, are brought to account as income in the year of receipt. Fees for the recovery of costs incurred are allocated against the relevant expense incurred. Loan fees in excess of cost are deferred and brought to account over the term of the loan or 5 years whichever is the shorter.

c. Provision for Doubtful Debts (Impairment)

(i) Specific Provision

The amount provided for doubtful debts is determined by Management and the Board to recognise the probability of loan amounts not being collected in accordance with terms of the loan agreement.

The APRA Prudential Standards requires a minimum provision to be maintained, based on specific percentages of the loan balance which are contingent upon the length of time the repayments are in arrears.

In addition the Board makes a further provision against loans in arrears in excess of the prescribed levels where the collectibility of the debts is considered doubtful.

(ii) General Provision

In addition to the above specific provision, the Board has recognised the need to make a general provision against loans to ensure there is adequate protection for members against the prospect that some members will experience loan repayment difficulties. The provision is based on estimation of potential risk in the loan portfolio based upon:

- The level of security taken as collateral; and,
- The concentration of loans taken by employment type.

d. Bad Debts Written-Off

Bad debts are written-off from time to time, as determined by Management and the Board of Directors, when it is reasonable to expect that the recovery of the debt is unlikely. Bad debts are written-off against the provision for doubtful debts if a provision for impairment had previously been recognised. If no provision had been recognised, the write-offs are recognised as expenses in the Statement of Financial Performance.

e. Property, Plant and Equipment

Property, plant and equipment with the exception of freehold land, are depreciated on a straight-line basis so as to write-off the net cost of each asset over its expected useful life to the Credit Union. Estimated useful lives are as follows:

- Buildings - 40 years.
- Leasehold improvements – 5 to 10 years.
- Plant and equipment - 3 to 7 years.
- Assets less than \$1,000 are not capitalised.

f. Deposits with Other Financial Institutions

Term deposits are unsecured and have a carrying amount equal to their principal amount. Interest is paid on the daily balance at maturity. All deposits are in Australian currency. The accrual for interest receivable is calculated on a proportional basis of the expired period of the term of the investment. Interest receivable is included in the amount of receivables in the Statement of Financial Position.

g. Investments and Securities

Investments and securities to be held to maturity are recorded at the lower of cost or recoverable amount. All investments are in Australian currency.

h. Member Savings

(i) Basis for Determination

Member savings and term investments are quoted at the aggregate amount of money owing to depositors.

(ii) Interest Payable

Interest on savings is calculated on the daily balance and posted to the accounts periodically, on maturity or upfront from the term deposit. Interest on savings is brought to account on an accrual basis in accordance with the interest rate terms and conditions of each saving and term deposit account as varied from time to time. The amount of the accrual is shown as part of payables in the Statement of Financial Position.

i. Provision for Employee Entitlements

Provision is made for the Credit Union's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount.

Other employee entitlements payable later than one year have been measured at the present value of the estimates future cash outflows to be made for those entitlements.

Provision for long service leave is on a pro-rata basis from commencement of employment with the Credit Union based on the present value of its estimated future cash flows. Annual leave is accrued in respect of all employees on pro-rata entitlement for part year of service and leave entitlement due but not taken at balance date. Contributions are made by the Credit Union to an employee's superannuation fund and are charged as expenses when incurred.

j. Income Tax

The Credit Union adopts the liability method of tax-effect accounting whereby the income tax expense shown in the Statement of Financial Performance is based on the operating profit before income tax adjusted for any permanent differences between accounting profit and taxable income.

Timing differences which arise due to the different periods in which items of revenue and expense are recognised for tax purposes are brought to account as either provision for deferred income tax or an asset described as future income tax benefit, at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. Timing differences are presently assessed at 30% (2001 - 30%).

Future income tax benefits are not brought to statement unless realisation of the asset is assured beyond any reasonable doubt. The recognition of these benefits is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Credit Union will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit a future income tax benefit to be obtained.

k. Goods and Services Tax (GST)

As a financial institution, the Credit Union is Input Taxed on all income except income from commissions and some fees. An input taxed supply is not subject to GST collection, and similarly the GST paid on purchases cannot be recovered. As some income is charged GST, the GST on purchases are generally recovered on a proportionate basis. In addition certain prescribed purchases are subject to Reduced Input Tax Credits, of which 75% of the GST paid is recoverable.

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of the GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables are stated with the amount of GST included (where it is collectable) or with the residual amount of GST that is not recoverable in the case of Payables.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the statement of financial position.

Cashflows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the Australian Taxation Office, are classified as operating cash flows.

I. Re-allocation of Income and Expenses

Changes in Accounting Standards required a re-allocation of gains and losses in disposal of assets to reflect the proceeds of sale as revenue and the value of assets disposed as expenses. The 2001 figures have accordingly been amended as follows:

2001
\$

Non interest revenue	194,208
Proceeds of sale included as revenue	27,700
Profit on sale	<u>(7,469)</u>
	<u>214,439</u>
Non interest expenses	1,246,620
Proceeds of sale added to expenses	<u>20,231</u>
	<u>1,266,851</u>

2. STATEMENT OF FINANCIAL PERFORMANCE

a. Analysis of interest revenue

Category of interest bearing assets	2002		
	Interest Revenue \$	Average Balance \$	Average Interest Rate %
Deposits with other financial institutions	312,161	7,183,913	4.35%
Loans and advances	2,112,734	28,584,780	7.39%
Total interest revenue	2,424,895	35,768,693	6.78%

Category of interest bearing assets	2001		
	Interest Revenue \$	Average Balance \$	Average Interest Rate %
Deposits with other financial institutions	426,747	7,132,299	5.98%
Loans and advances	2,336,215	27,234,281	8.58%
Total interest revenue	2,762,962	34,366,580	8.04%

Note	2002 \$	2001 \$
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b. Non-interest revenue

Fee and commission revenue		
- Loan fee income	34,375	28,883
- Other fee income	93,894	91,269
- Insurance commissions	16,326	18,339
- Other commissions	32,509	28,212
	<u>177,104</u>	<u>166,703</u>
Bad debts recovered	4,737	3,246
Dividend revenue	6,893	16,397
Other revenue		
- Proceeds on plant and equipment	-	27,700
- Miscellaneous revenue	190	393
Total non-interest revenue	188,924	214,439

c. Borrowing Expenses (Interest Expense)

Analysis of interest expense

Category of interest bearing liabilities	2002		
	Interest Expense \$	Average Balance \$	Average Interest Rate %
Member deposits	871,539	33,944,525	2.57%
Overdraft	1,317	22,945	5.74%
Total borrowing expenses	<u>872,856</u>	<u>33,967,470</u>	<u>2.57%</u>

Category of interest bearing liabilities	2001		
	Interest Expense \$	Average Balance \$	Average Interest Rate %
Member deposits	1,213,546	30,139,324	4.03%
Overdraft	2,923	83,814	3.49%
Total borrowing expenses	<u>1,216,469</u>	<u>30,223,138</u>	<u>4.02%</u>

Note	2002 \$	2001 \$
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d. Bad and doubtful debts expense

Increase in provision	24,287	22,023
Bad debts written-off directly against profit	-	-
	<u>24,287</u>	<u>22,023</u>

e. Other prescribed expense disclosures

Auditor's remuneration		
- Audit fees	28,165	23,899
- Other services	3,200	5,650
	<u>31,365</u>	<u>29,549</u>
Bad and doubtful debts expense, net of recoveries and movement of provisions	19,550	18,777
Property lease	64,653	63,955
Written down value of assets disposed	-	20,231
Depreciation of:		
- Plant and equipment	55,075	59,444
- Leasehold improvements	37,370	54,755
Net movement in provisions for employee entitlements	(12,181)	3,406
Supervision levy	4,318	4,052

	Note	2002 \$	2001 \$
3. INCOME TAX EXPENSE			
a. The prima facie tax payable on operating profit is reconciled to the income tax expense in the accounts as follows:			
Prima facie tax payable on operating profit before income tax at 34%		<u>133,163</u>	<u>167,988</u>
Add:			
- Under provision of income tax in prior year			2
- Adjustment to recognise future income benefits at 30%		-	27,646
		<u>-</u>	<u>27,648</u>
Less:			
- Franking rebate		2,068	5,575
- Adjustment to opening future income tax benefits		60	-
Income tax expense attributable to operating profit		<u><u>131,035</u></u>	<u><u>190,061</u></u>
b. The income tax expense comprises amounts set aside as:			
Provision for income tax attributable to current year taxable income.		132,957	173,532
Add (Deduct):			
Movement in the future income tax benefit account		(1,922)	16,529
Income tax expense attributable to operating profit		<u><u>131,035</u></u>	<u><u>190,061</u></u>
c. Franking Credits			
The amount of franking credits held by the Credit Union after adjusting for franking credits that will arise from the payment of income tax payable as at the end of the financial year is:		<u><u>1,912,916</u></u>	<u><u>1,595,790</u></u>

	Note	2002 \$	2001 \$
4. CASH			
Cash on hand		51,663	76,302
Deposits at call		777,544	1,266,822
		<u>829,207</u>	<u>1,343,124</u>
5. RECEIVABLES FROM OTHER FINANCIAL INSTITUTIONS			
Deposits with CUSCAL - term		<u>5,800,000</u>	<u>6,150,000</u>
6. ACCRUED RECEIVABLES			
Interest receivable on deposits with other financial institutions		82,186	99,018
Prepayments		21,074	30,190
Sundry debtors		37,561	25,240
		<u>140,821</u>	<u>154,448</u>
7. LOANS AND ADVANCES			
a. Amount due comprises:			
Overdrafts and revolving credit facilities		525,191	558,003
Term loans		28,212,701	27,553,882
		<u>28,737,892</u>	<u>28,111,885</u>
Less:			
Specific provision		13,258	42,571
		<u>28,724,634</u>	<u>28,069,314</u>
Less:			
General provision		513,742	507,429
		<u>28,210,892</u>	<u>27,561,885</u>
b. Security dissection:			
Secured by mortgage		23,589,628	22,712,218
Secured other		20,888	30,532
Partly secured by goods mortgage		3,187,674	3,312,399
Wholly unsecured		1,939,702	2,056,736
		<u>28,737,892</u>	<u>28,111,885</u>

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	Note	2002 \$	2001 \$
c. Concentration of Loans			
(i) Individual loans which exceed 10% of member funds in aggregate		-	-
(ii) Loans to members are concentrated solely in Australia, and in the following significant employment industry classification:			
Roads and Traffic Authority of NSW		<u>19,797,067</u>	<u>19,466,398</u>
(iii) Purpose dissection:			
Residential loans		18,119,596	16,630,193
Personal loans		9,999,634	10,704,510
Commercial loans		618,662	777,182
		<u>28,737,892</u>	<u>28,111,885</u>
 8. PROVISION ON IMPAIRED LOANS			
a. Total provision comprises:			
Specific provision		13,258	42,571
General provision		513,742	507,429
		<u>527,000</u>	<u>550,000</u>
 b. Movement in the Specific Provision			
Balance at the beginning of year		42,571	139,234
Add:			
Transfers from profit and loss account		<u>24,287</u>	<u>22,023</u>
		24,287	22,023
Less:			
Transfers to the general provision		6,313	96,663
Bad debts written-off provision		<u>47,287</u>	<u>22,023</u>
		53,600	118,686
Balance at end of year		<u>13,258</u>	<u>42,571</u>
 c. Movement in General Provision			
Balance at beginning of year		507,429	410,766
Add: Transfers from the specific provision		6,313	96,663
Less: Transfers to the specific provision		-	-
Balance at end of year		<u>513,742</u>	<u>507,429</u>

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	Note	2002 \$	2001 \$
d. The specific loans provision consists of:			
(i) provision required under the APRA Prudential Standards		13,258	38,185
(ii) Additional specific provision		-	4,386
		13,258	42,571

e. Impaired Loan Classifications

Accounting Standards have classified loans where repayments are in arrears in the following terms:

- (i) Loans where recovery of all principal and interest is doubtful, or where the interest recovery is less than the average cost of funds are classified as "Non-Accrual" loans.
- (ii) Loans where the interest recovery is less than the normal terms applicable, but higher than the average cost of funds are classified as Restructured Loans (where provision is required the loan is classified as "Non-Accrual").
- (iii) The above categories are together referred to as impaired loans.
- (iv) Other loans which are in arrears more than 90 days but, due to mortgage security or other reasons recovery is not considered doubtful (and no provision necessary), are classified as "Past Due Loans".

	Note	2002 \$	2001 \$
Impaired Loans and Other Disclosures			
Non-Accrual loans – Balances			
- with no provision		-	44,288
- with a provision		17,697	57,643
		17,697	101,931
Less: Specific provision		13,258	42,571
		4,439	59,360
Restructured loans		-	-
Past due loans		-	-

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Note	2002 \$	2001 \$
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Assets acquired via enforcement of security

- Real estate	-	-
- Other	-	-
	<u>-</u>	<u>-</u>

Other Disclosures on Impaired Loans

Interest and other revenue earned on impaired loans	<u>1,221</u>	<u>8,099</u>
Interest and other revenue foregone on impaired loans	<u>1,166</u>	<u>5,340</u>

9. OTHER INVESTMENTS**a. Shares**

Baycorp Advantage Limited	9.b	33,771	65,164
CUSCAL		281,692	281,692
Computer bureau		10,000	10,000
Provision – shares in computer bureau		<u>(10,000)</u>	<u>(10,000)</u>
		<u>315,463</u>	<u>346,856</u>

b. Baycorp Advantage Limited

The Credit Union was allocated shares through the demutualisation of the Credit Reference Association of Australia Limited. These shares have been acquired at no cost and have been revalued in the accounts of the Credit Union at market value as at 30 June 2002.

The total number of shares held at 30 June 2002	<u>9,513</u>	<u>9,513</u>
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	Note	2002 \$	2001 \$
10. PLANT AND EQUIPMENT			
Plant and equipment - at cost		347,008	344,545
Less: Provision for depreciation		<u>264,746</u>	<u>273,704</u>
		82,262	70,841
Capitalised leasehold improvements		276,079	273,769
Less: Provision for amortisation		<u>162,318</u>	<u>107,243</u>
		113,761	166,526
Total plant and equipment		<u><u>196,023</u></u>	<u><u>237,367</u></u>

Movement in the assets balances during the year were:

Opening balance	237,367	315,879
Add: Purchases in the year	51,101	55,919
Less:		
Disposal of assets at written down value	-	(20,232)
Depreciation charge	<u>(92,445)</u>	<u>(114,199)</u>
	(92,445)	(134,431)
Balance at the end of the year	<u><u>196,023</u></u>	<u><u>237,367</u></u>

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	Note	2002 \$	2001 \$
11. TAXATION ASSETS			
Future Income Tax Benefit		209,265	207,343
GST Recoverable		<u>4,506</u>	<u>4,426</u>
		<u>213,771</u>	<u>211,769</u>

The future income tax benefit represents the tax effect of:

- Provisions for doubtful debts, staff leave entitlements and accruals which are not deductible for tax purposes until paid or the loss is incurred, and which have been charged against accounting profit in the current year or previous years.
- Excess depreciation charge for accounting purposes over that amount allowed for tax purposes.

12. DEPOSITS

Member Deposits:			
- at call		14,121,298	12,359,249
- term		<u>15,771,721</u>	<u>17,971,593</u>
Total deposits		<u>29,893,019</u>	<u>30,330,842</u>
Withdrawable Shares		47,140	46,710
Total		<u>29,940,159</u>	<u>30,377,552</u>

Concentration of Member Deposits

Significant individual member deposits which in aggregate represent more than 10 % of the total liabilities:

_____ - _____ -

A significant proportion of member deposits at balance date were received from individuals employed in the Roads and Traffic Authority of New South Wales.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 #	2001 #
Members' Withdrawable Shares			
<p>Since all shares issued are withdrawable at the discretion of the member, or on closure of their account, shares are recognised as liabilities rather than equity. All shares carry the same voting entitlements.</p>			
Movement in Share Capital			
Shares issued in the year		230	218
Shares redeemed in the year		187	703
<p>In accordance with Corporations Act and the Credit Union's Constitution, the composition of Members' Withdrawable Shares altered during the year from five \$2 shares to one \$10 share per member. The total share dollar value per member did not change.</p>			
		2002	2001
		\$	\$
13. PAYABLES			
Creditors and accruals		31,298	30,822
Sundry creditors		29,184	165,614
Interest payable		104,636	125,343
		<u>165,118</u>	<u>321,779</u>
14. TAXATION LIABILITIES			
Provision for income tax		63,641	37,056
GST payable		844	1,365
		<u>64,485</u>	<u>38,421</u>
15. PROVISIONS			
Provision for employee annual leave		30,699	27,840
Provision for employee long service leave		43,193	58,233
		<u>73,892</u>	<u>86,073</u>

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	Note	2002 \$	2001 \$
16. CAPITAL ACCOUNT			
Capital Account		<u>2,840</u>	<u>970</u>
Balance at the beginning of the year		970	-
Add: Transfer from retained profits on share redemptions	16.a	1,870	970
Balance at the end of year		<u>2,840</u>	<u>970</u>

a. Share Redemption

The account represents the amount of redeemable Preference shares redeemed by the Credit Union since 1 July 1999. The Law requires that the redemption of the shares to be made out of profit. Since the value of the shares have been paid to members in accordance with the terms and conditions of the share issue, the account represents the amount of profits appropriated to the account.

17. RESERVES

Asset revaluation reserve		<u>33,771</u>	<u>65,164</u>
Movement in asset revaluation reserve			
Balance at beginning of the financial year		65,164	43,760
Add: Revaluation of Baycorp Advantage Limited shares		(31,393)	21,404
Balance at end of the financial year		<u>33,771</u>	<u>65,164</u>

18. RETAINED PROFITS

Retained profits at the beginning of the financial year		5,115,490	4,812,441
Add: Operating profit for the year		312,292	304,020
Less: Transfer of reserves to capital account on redemption of shares		(1,870)	(970)
Retained profits at the end of the financial year		<u>5,425,912</u>	<u>5,115,491</u>

19. MATURITY PROFILE OF FINANCIAL ASSETS AND LIABILITIES

Monetary assets and liabilities have different maturity profiles depending on the contractual term and in the case of loans the repayment amount and frequency. The table below shows the period in which different monetary assets and liabilities held will mature and be eligible for renegotiation or withdrawal. In the case of loans, the table shows the period over which the principal outstanding amount will be repaid.

Maturity	2002				
	Cash	ASSETS Receivables from other financial institutions	Loans & advances (net of specific provision)	LIABILITIES Payables to other financial institutions	Member deposits
	\$	\$	\$	\$	\$
At call	829,207	-	-	-	14,168,438
Overdrafts	-	-	-	-	-
Up to 3 months	-	5,800,000	833,463	-	6,408,306
3 to 12 months	-	-	2,078,054	-	7,648,459
1 to 5 years	-	-	9,450,918	-	1,714,956
Over 5 years	-	-	16,362,199	-	-
Unspecified	-	-	-	-	-
TOTAL	829,207	5,800,000	28,724,634	-	29,940,159

Maturity	2001				
	Cash	ASSETS Receivables from other financial institutions	Loans & advances (net of specific provision)	LIABILITIES Payables to other financial institutions	Member deposits
	\$	\$	\$		\$
At call	1,343,124	-	-	-	12,405,959
Overdrafts	-	-	-	-	-
Up to 3 months	-	5,300,000	833,915	-	5,967,069
3 to 12 months	-	850,000	2,180,510	-	10,237,089
1 to 5 years	-	-	9,186,193	-	1,767,435
Over 5 years	-	-	15,868,696	-	-
Unspecified	-	-	-	-	-
TOTAL	1,343,124	6,150,000	28,069,314	-	30,377,552

For term loans the above dissection is based upon the contractual conditions of each loan being strictly complied with, and is subject to change in the event that current repayment conditions are varied.

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20. INTEREST RATE CHANGE PROFILE OF FINANCIAL ASSETS AND LIABILITIES

Monetary assets and liabilities have conditions which allow interest rates to be amended either on maturity (term deposits and term investments) or after adequate notice is given (loans and savings). The table below shows the respective value of funds, where interest rates are capable of being altered within the prescribed time bands, being the earlier of the contractual repricing date, or maturity date.

Time band for changing interest rates	2002				
	Cash	ASSETS		LIABILITIES	
		Receivables from other financial institutions	Loans and advances (before provision)	Payables to other financial institutions	Member deposits
	\$	\$	\$	\$	\$
Floating rate	829,207	-	-	-	14,168,438
Within 1 month	-	1,900,000	26,031,902	-	2,509,625
1 to 3 months	-	3,900,000	2,705,990	-	3,898,681
3 to 12 months	-	-	-	-	7,648,459
1 to 5 years	-	-	-	-	1,714,956
Over 5 years	-	-	-	-	-
TOTAL	829,207	5,800,000	28,737,892	-	29,940,159
Weighted Average Interest Rate	4.15%	4.78%	7.43%	-	2.58%

Time band for changing interest rates	2001				
	Cash	ASSETS		LIABILITIES	
		Receivables from other financial institutions	Loans and advances (before provision)	Payables to other financial institutions	Member deposits
	\$	\$	\$	\$	\$
Floating rate	1,343,124	-	-	-	12,405,959
Within 1 month	-	-	-	-	2,163,676
1 to 3 months	-	3,800,000	25,269,811	-	3,803,393
3 to 12 months	-	2,350,000	2,842,074	-	10,237,089
1 to 5 years	-	-	-	-	1,767,435
Over 5 years	-	-	-	-	-
TOTAL	1,343,124	6,150,000	28,111,885	-	30,377,552
Weighted Average Interest Rate	4.30%	5.03%	7.29%	-	3.59%

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21. NET FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Net fair value has been determined on the basis of the present value of expected future cash flows under the terms and conditions of each financial asset and financial liability.

The information is only relevant to circumstances at balance date and will vary depending on the contractual rates applied to each asset and liability, relative to market rates and conditions at the time. No assets held are regularly traded by the Credit Union.

	2002				
	Cash	ASSETS Receivables from other financial institutions	Loans and advances (after all provisions)	LIABILITIES Payables to other financial institutions	Member deposits
	\$	\$	\$	\$	\$
Net fair value	829,207	5,799,530	28,198,409	-	29,935,943
Book value	829,207	5,800,000	28,210,892	-	29,940,159
Variance	-	(470)	(12,483)	-	(4,216)

	2001				
	Cash	ASSETS Receivables from other financial institutions	Loans and advances (after all provisions)	LIABILITIES Payables to other financial institutions	Member deposits
	\$	\$	\$	\$	\$
Net fair value	1,343,124	6,150,000	27,566,537	-	30,377,552
Book value	1,343,124	6,150,000	27,561,885	-	30,377,552
Variance	-	-	4,652	-	-

Assets, where the net fair value is lower than the book value, have not been written down in the accounts of the Credit Union on the basis that they are to be held to maturity, or in the case of loans, all amounts due are expected to be recovered in full.

The net fair value estimates were determined by the following methodologies and assumptions:

Liquid Assets and Receivables from other Financial Institutions

The carrying values of cash and liquid assets and receivables due from other financial institutions redeemable within 3 months approximate their net fair value as they are short term in nature or are receivable on demand.

Loans, Advances

The carrying value of loans and advances is net of general and specific provisions for doubtful debts.

For variable rate loans, excluding impaired loans, the amount shown in the Statement of Financial Position is considered to be a reasonable estimate of net fair value. The net fair value for fixed rate loans is calculated by utilising discounted cash flow models (i.e. the net present value of the portfolio future principal and interest cash flows), based on the maturity of the loans. The discount rates applied were based on the current applicable rate offered for the average remaining term of the portfolio.

The net fair value of impaired loans was calculated by discounting expected cash flows using a rate which includes a premium for the uncertainty of the flows.

Deposits From Members

The net fair value of non-interest bearing, call and variable rate deposits, and fixed rate deposits repricing within six months, is the amount shown in the Statement of Financial Position as at 30 June 2002. Discounted cash flows (based upon the deposit type and its related maturity) were used to calculate the net fair value of other term deposits.

Short Term Borrowings

The carrying value of payables due to other financial institutions approximate their net fair value as they are short term in nature and reprice frequently.

	2002 \$	2001 \$
22. EXPENDITURE COMMITMENTS		
a. Future Capital Commitments		
The Credit Union has no future capital commitments at balance date.		
b. Future Lease Rental Commitments		
Operating lease payments under existing lease arrangements for building accommodation, payable over the following periods:		
Within 1 year	65,871	62,829
1 to 2 years	18,142	65,871
2 to 5 years	1,647	19,789
Over 5 years	-	-
	<u>85,660</u>	<u>148,489</u>

The operating leases are in respect of property and equipment used for providing branch services to members. There are no contingent rentals applicable to leases taken out. The term of the leases are for between 2 to 5 years and options for renewal are usually obtained for a further 5 years.

There are no restrictions imposed on the Credit Union so as to limit the ability to undertake further leases, borrow funds or issue dividends (although these are subject to restrictions in the Constitution).

c. Computer Bureau Charges		
Within 1 year	10,200	10,560
1 to 2 years	-	-
2 to 5 years	-	-
Over 5 years	-	-
	<u>10,200</u>	<u>10,560</u>

23. FINANCIAL COMMITMENTS

a. Outstanding Loan Commitments		
The loans approved but not funded as at 30 June 2002.	<u>771,217</u>	<u>929,393</u>
b. Undrawn Loan Facilities		
Loan facilities available to members for overdrafts and line of credit loans are as follows:		
Total value of facilities approved	1,172,027	1,114,364
Less: amounts advanced	<u>525,191</u>	<u>558,849</u>
Net undrawn value	<u>646,836</u>	<u>555,515</u>

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24. STANDBY BORROWING FACILITIES

The Credit Union has a borrowing facility with Credit Union Services Corporation (Australia) Limited (CUSCAL) of:

	2002		
	Gross	Current Borrowing	Net Available
	\$	\$	\$
Loan facility	500,000	-	500,000
Overdraft facility	700,000	-	700,000
Total standby borrowing facilities	<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>

	2001		
	Gross	Current Borrowing	Net Available
	\$	\$	\$
Loan facility	500,000	-	500,000
Overdraft facility	700,000	-	700,000
Total standby borrowing facilities	<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>

Withdrawal of the loan facility is subject to the availability of funds at CUSCAL.

CUSCAL holds an equitable mortgage charge over all of the assets of the Credit Union as security against loan and overdraft amounts drawn.

25. CONTINGENT LIABILITIES

Liquidity Support Scheme

The Credit Union is a member of the Credit Union Financial Support Scheme Limited (CUFSS), a company established to provide financial support to member Credit Unions in the event of a liquidity or capital problem. As a member, the Credit Union is committed to maintaining 9% of the total liabilities as deposits with Credit Union Services Corporation (Australia) Limited (CUSCAL).

Under the terms of the Industry Support Contract (ISC), the maximum call for each participating credit union would be 3.2% of the Credit Union's total assets (3% under loans facilities and 0.2% under the cap on contributions to permanent loans). This amount represents the participating Credit Union's irrevocable commitment under the ISC. At balance date there were no loans issued.

2002
\$

2001
\$

26. DISCLOSURES ON DIRECTORS

a. Names of Directors

During the course of the financial year the following Directors held office:

- N.J. Hancock
- M.W. De Boos
- P.M. Murphy
- W.H. Randell
- R.G. Morgan
- V. Taranto
- S.A. Kemp
- B.H. McNamara

b. Remuneration

The aggregate remuneration of Directors during the year was: _____ - _____ -

The remuneration means salaries, allowances and commissions and other benefits to Directors, but excludes out of pocket expense reimbursements. The members at the previous Annual General Meeting of the Credit Union have approved all remuneration.

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	2002 \$	2001 \$
c. Loans to Directors		
(i) The aggregate value of loans and credit facilities to Directors amounted to:	<u>297,848</u>	<u>146,222</u>
(ii) During the year the aggregate value of loans disbursed to Directors amounted to:		
Term loans	316,813	8,884
Revolving credit facilities	<u>-</u>	<u>-</u>
	<u>316,813</u>	<u>8,884</u>

Directors concerned with the above disbursements were:

- P.M. Murphy
- M.W. De Boos
- W.H. Randell

All loans disbursed to Directors were approved on the same terms and conditions, which applied to members generally, for each class of loan.

(iii) The aggregate value of repayments against loans and credit facilities to Directors amounted to:		
Term loans	163,262	28,500
Revolving credit facilities	<u>9,191</u>	<u>11,285</u>
	<u>172,453</u>	<u>39,785</u>

Directors concerned with the above repayments were:

- P.M. Murphy
- M.W. De Boos
- W.H. Randell

d. Other Director Related Transactions

Other transactions between related parties include deposits from Directors and their Director related entities, which are received on the same terms and conditions as applicable to members generally. There are no service contracts to which Directors are an interested party.

e. ASIC Class Order 98/110

The above disclosures have been prepared in accordance with the ASIC Class Order 98/110. It relieves the Credit Union from compliance with s296(1) of the Corporations Act in so far as that section requires the entity's financial statements to be made out in accordance with:

- (i) paragraphs 4.10, 4.12 and 4.14 of AASB 1017 in respect of a loan regularly made, guaranteed or secured by a bank other than a loan to a Director of the Credit Union; and
- (ii) paragraphs 4.17, 4.18, 4.19, 6.2, 6.3, 6.4 and 6.5 of AASB 1017 in respect of a financial instrument transaction regularly made by a bank (whether the bank is a party to the financial instrument or not), where a Director of the Credit Union is not a party to the transaction.

The relief is subject to conditions, and does not apply in respect of any loan made, guaranteed or secured by, or a financial transaction of the Credit Union in which any Director of the Credit Union should reasonably be aware, that if not disclosed could adversely affect the decisions of users of the financial reports.

"Regularly" means lawfully and in the course of its ordinary banking business and either on an arm's length basis or with the approval of a general meeting of the Credit Union and its ultimate parent Credit Union, if any.

27. ECONOMIC DEPENDENCY

The Credit Union has an economic dependency on the following suppliers of services:

a. Credit Union Services Corporation (Australia) Limited (CUSCAL)

CUSCAL is an Approved Deposit Taking Institution registered under the Corporations Act 2001 (Cwlth) and the Banking Act. This entity:

- (i) Provides the license rights to Visa Card in Australia and settlement with Bankers for ATM, Visa card and cheque transactions, as well as the production of Visa and Redicards for use by members;
- (ii) Provides and maintains the application software utilised by the Credit Union;
- (iii) Provides treasury and money market facilities to the Credit Union. The Credit Union has invested all of its liquid assets with the entity to maximise return on funds, and to comply with the Liquidity Support Scheme requirements.

b. First Data Resources Australia Limited (FDRA)

This entity operates the computer network used to link Redicards and Visa cards operated through Reditellers and other approved ATM suppliers to the Credit Union's EDP Systems.

c. Co Processing Pty Limited

This entity operates the computer bureau facility on behalf of the Credit Union in conjunction with other Credit Unions. The Credit Union has a management contract with the bureau to supply computer support staff and services to meet the day-to-day needs of the Credit Union and compliance with the relevant Prudential Standards.

28. SEGMENTAL REPORTING

The Credit Union operates exclusively in the retail financial services industry within Australia.

29. SUPERANNUATION LIABILITIES

The Credit Union contributes to various complying superannuation funds for the purpose of Superannuation Guarantee payments and payment of other superannuation benefits on behalf of employees. Independent Corporate Trustees administer each plan.

The Credit Union has no interest in the superannuation plan (other than as a contributor) and is not liable for the performance of the plan, or the obligations of the plan.

	2002	2001
	\$	\$

30. NOTES TO STATEMENT OF CASH FLOWS

a. Reconciliation of Cash

Cash includes cash on hand, and deposits at call with other financial institutions and comprises:

Cash on hand	51,663	76,302
Deposits at call	777,544	1,266,822
Total Cash	<u>829,207</u>	<u>1,343,124</u>

	2002 \$	2001 \$
b. Reconciliation of Cash from Operations to Accounting Profit		
The net cash increase/(decrease) from operating activities is reconciled to the operating profit after tax.		
Operating profit after income tax	312,292	304,020
Add:		
Depreciation	92,445	114,199
Provisions for staff leave	-	3,406
Provision for income tax	26,585	-
Other provisions	-	1,365
Accrued expenses	476	3,610
Decreases in sundry debtors and other receivables	-	666
Decreases in prepayments	9,116	-
Decreases in future income tax benefit	-	16,529
Increase in interest payable	-	28,134
Decrease in interest receivable	16,832	-
Less:		
Provision for staff leave	(12,181)	-
Provision for income tax	-	(63,722)
Accrued taxes	(521)	-
Increase in future income tax benefits	(1,922)	-
Increase in prepayments	-	(10,806)
Increase in interest receivable	-	(43,662)
Increase in GST receivable	(80)	(3,137)
Gain on sale of assets	-	(7,469)
Decrease in loan provisions	(23,000)	-
Decrease in interest payable	(20,707)	-
Net cash from operating activities	399,335	343,133

CREDIT UNION PRODUCTS & SERVICES

SAVINGS & INVESTMENT ACCOUNTS

Multi-Access Savings Account

A multi-purpose account with an emphasis on easy access by cheque book, Redicard or Visa Card.

Basic Savings Account

A day-to-day savings account for over-the-counter transactions, bill paying or budget account.

Redifund Cash Management Account

An account which pays an attractive on-call interest rate based on daily balances for shorter term investors.

Premium Savers Account

A higher interest for a higher balance cash management account for the serious investor.

Fixed Term Deposits

A range of fixed term deposits from 3 months to 2 years offering competitive interest rates. Interest is set and based on term and amount of deposit and can be paid either upfront, on maturity, or at regular intervals.

ACCESS

Access to members' accounts is now even better than ever

- Automated Teller Machines – Credit Union Rediteller, National Australia Bank Flexiteller, ANZ Night & Day, CashCard Teller, State Bank Greenmachine, St. George Multicard, Westpac ATM's, Commonwealth Autobanks, Visa Card access worldwide
- Point of Sale (EFTPOS) outlets located in supermarkets, service stations and stores across Australia
- Personal Cheque Book – interest earning, with no limit to number of transactions. Members also can make deposits at any branch of the National Australia Bank
- PhoneTeller – provides access to account details, transfer of funds and statement requests. PhoneTeller Hotline number is (02) 9218 6604 or country members 1300 652 274
 - NetTeller Internet Banking @ www.rtascu.com.au
 - BPAY® – pay your bills automatically direct from your account by phoning PhoneTeller on (02) 9218 6604 or country members 1300 652 274

LOANS

Members can choose from a range of loans to suit their individual needs

- Personal loans for any worthwhile purpose
- Home loans for owner-occupiers with a choice of interest rate options – fixed or variable
 - Investment property loans , at home loan rates
 - Home Equity loans for any worthwhile purpose (mortgage secured)
 - Lines of Credit (secured or unsecured)
 - Visa Overdraft Account

Loan interest is calculated daily and posted monthly and members can make repayment by easy payroll deductions.

WHOLE OF PAY & PAYROLL DEDUCTIONS – Wherever members work, they can arrange for all or part of their pay to be deposited direct to their Credit Union account. Deposits can be split into any number of different savings and/or loan accounts. Fees and Charges apply. Refer to terms & conditions of accounts.

RTA STAFF CREDIT UNION LIMITED

HOW TO CONTACT US:

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SURRY HILLS

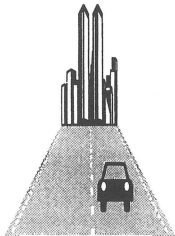
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City

"Your Road To Financial Success"

*SERVING CITY & COUNTRY
MEMBERS*



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