

RTA STAFF CREDIT UNION LIMITED

Serving City & Country Members

37TH
ANNUAL
REPORT
2001

R.T.A. Staff Credit Union Limited ACN 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 37th Annual General Meeting of R.T.A. Staff Credit Union Limited (ACN 087 650 600) will be held in the Crown Room located on the first floor of the Furama Hotel Central, 22-44 Albion Street, Surry Hills (opposite RTA Head Office, Centennial Plaza) on Thursday 29th November, 2001 commencing at 1.00 pm.

MEMBERS OF THE BOARD OF DIRECTORS

Noel Hancock (Chairman)
Patrick Murphy (Deputy Chairman)
Glen Morgan
Max De Boos
Sue Kemp
Warwick Randell
Vince Taranto

ADMINISTRATION

Steve Warren (General Manager)
Anthony O'Brien (Assistant General Manager)
Nicole Wieckmann (Loans Supervisor)
Viena Yee (Member Services Consultant)
Scott Foster (Member Services Consultant)
Joanne Badenoch (Loans Consultant)
Lisa Flynn (Member Services/Loans 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 2001

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 Corporations Law, and are subject to direct Supervision by APRA (formally AFIC). 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 Corporations Law.

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KEY STATISTICS OF THE CREDIT UNION

	1997	1998	1999	2000	2001
Members (No.)	5,021	4,924	4,844	4,768	4671
Deposits \$	32,279,536	30,833,933	29,586,034	26,684,297	30,330,842
Average Member Deposit \$	6,428	6,262	6,108	5,596	6,493
Loans \$	27,507,460	26,713,782	25,645,956	26,962,383	28,111,885
Average loan balance \$	5,478	5,425	5,294	5,654	6,018
Loans funded in the year- \$m	8.8	8.9	7.2	11.3	11.5
Bad debts written-off against profit \$	11,874	17,157	16,541	561	0
Capital adequacy ratio %	20.15	22.70	24.96	26.15	24.87
Total Reserves \$	3,814,550	4,164,865	4,586,448	4,856,201	5,181,624
Total Assets \$	36,773,877	35,818,349	34,726,120	32,433,992	36,005,449
Reserves to Assets %	10.37	11.63	13.21	14.97	14.39
Return/Average Assets %	1.10	1.01	0.88	0.76	0.87
Staff/Member ratio	1:717	1:821	1:807	1:692	1:667
Staff/Asset ratio \$m	1:\$5.20m	1:\$5.96m	1:\$5.97m	1:\$4.63m	1:\$5.14m

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 & Visa)

General Insurance Products

BPay®

Visa TravelMoney & 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 37th Annual Report for the financial year ended 30 June 2001.

The Year in Review

The competition in the financial market place over the past year has been some of the fiercest seen for many years. 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 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.

2000/2001 Highlights

- Second highest annual loan funding level of \$11.5 million (2000 \$11.3m). 1995 still holds the record of \$12 million funded.
- Member Survey in February 2001, indicating a 96% satisfaction level among members.
- Introduction of NetTeller (Internet banking)
- Annual asset growth of 11%, from \$32.4m to \$36m.
- Annual after-tax profit up from \$296,753 in 2000 to \$325,424 in 2001 (20.6% increase).
- No loans written-off against profit during the year. (2000 \$561)
- Bad debts to average assets at 30.06.01 of 0.05% compared with the industry average of 0.20%.

Operating profit for the year before income tax was \$494,081 (2000 \$429,236). The after tax operating profit of \$304,020 (2000 \$264,045) represents a return of 0.87% on average assets (2000 0.76%), an above industry average result in a year of very low interest margins. In this difficult environment operating costs were contained and still remain well below the industry average.

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 cooperation 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 2001.

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 1 year & Audit Committee	Director 5 years
Maxwell De Boos	Chairman - Audit Committee	Director 4 years
Robert G. Morgan		Director 12 years
Patrick M. Murphy	Deputy Chairman 5 years & Audit Committee	Director 7 years
Vincent E. Taranto		Director 3 years
Susan A. Kemp		Director 4 years
Warwick.H. Randell		

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	9	1	1
Maxwell De Boos	12	9	1	1
Robert G. Morgan	12	8		
Patrick M. Murphy	12	10	1	1
Vincent E. Taranto	12	11		
Susan A. Kemp	12	11		
Warwick H. Randell*	3	3		
Walter J. Peachman**	9	2		

* Mr W.H. Randell was appointed to the Board on the 26 April 2001 to fill a casual vacancy left by Mr. W.J. Peachman.

** Mr W.J. Peachman retired from the Board on the 26 April 2001.

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 27 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 \$304,020 (2000 \$264,045).

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.

The Result for the year was affected by :

The need to write down the future income tax benefit from 34% to 30% as a result of the income tax rate change effective from the 1 July 2001, resulted in an increased income tax expense of \$27,646, for the 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.

R.T.A. STAFF CREDIT UNION LIMITED

ACN 087 650 600

2001 Annual Financial Report

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
Chairman



Patrick M. Murphy
Deputy Chairman

Signed and dated this 14th day of September, 2001

INDEPENDENT AUDIT REPORT

To the members of R.T.A. Staff Credit Union Limited

Scope

We have audited the financial report of R.T.A. Staff Credit Union Limited for the financial year ended 30 June 2001, 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 39. 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 R.T.A. Staff Credit Union Limited is in accordance with:

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

Kendalls LMJ

Kendalls LMJ
Chartered Accountants

Owen Jackson

Owen Jackson
Partner

Dated this 17th day of September, 2001

DIRECTORS' DECLARATION

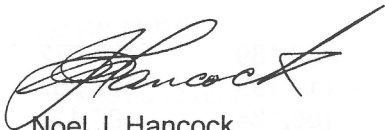
The Directors of R.T.A. Staff Credit Union Limited declare that:-

The financial statements and notes related thereto:-

- (a) Comply with Accounting Standards and the Corporations Act 2001 (Cwlth); and
- (b) Give a true and fair view of the financial position of the Credit Union as at 30 June 2001 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 14th day of September, 2001

**STATEMENT OF FINANCIAL PERFORMANCE
AS AT 30 JUNE 2001**

	Note	2001 \$	2000 \$
Revenue			
Interest revenue	2.a	2,762,962	2,391,791
Non interest revenue	2.b	194,208	143,500
Total income		<u>2,957,170</u>	<u>2,535,291</u>
Expenses from Ordinary Activities			
Borrowing Expenses			
	2.c	<u>1,216,469</u>	<u>861,999</u>
Non Interest Expenses			
Bad and doubtful debt expense	2.d	<u>22,023</u>	<u>34,896</u>
Fee and commission		<u>84,148</u>	<u>141,481</u>
General administration			
- Employee costs		430,189	477,072
- Depreciation and amortisation		114,199	82,267
- Information technology		185,134	97,415
- Office occupancy		63,955	61,195
- Other administration		133,919	118,959
Total general administration expenses		<u>927,396</u>	<u>836,908</u>
Other operating expenses		213,053	230,771
Total non interest expenses		<u>1,246,620</u>	<u>1,244,056</u>
Total expenses		<u>2,463,089</u>	<u>2,106,055</u>
OPERATING PROFIT before Income Tax		<u>494,081</u>	<u>429,236</u>
Income Tax Expense	3.a	190,061	165,191
OPERATING PROFIT after Income Tax		<u>304,020</u>	<u>264,045</u>
Other increases in Members Equity			
Increase in Asset Revaluation Reserve	18.b	21,404	5,708
Total increase in Members Equity		<u>325,424</u>	<u>269,753</u>

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2001**

	Note	2001 \$	2000 \$
<u>ASSETS</u>			
Cash	4	1,343,124	148,831
Receivables due from other financial institutions	5	6,150,000	4,900,000
Receivables	6	154,448	105,999
Loans and advances	7.a & 8	27,561,885	26,412,383
Other investments	9.a	346,856	325,739
Plant and equipment	10	237,367	315,879
Taxation assets	11	211,769	225,161
TOTAL ASSETS		36,005,449	32,433,992
<u>LIABILITIES</u>			
Payables to other financial institutions	12	-	330,547
Deposits and borrowings	13	30,377,552	26,731,977
Payables	14	321,779	331,822
Taxation liabilities	15	38,421	100,778
Provisions	16	86,073	82,667
TOTAL LIABILITIES		30,823,825	27,577,791
NET ASSETS		5,181,624	4,856,201
<u>MEMBERS EQUITY</u>			
Capital	17	970	-
Reserves	18	65,164	43,760
Retained profits	19	5,115,490	4,812,441
TOTAL MEMBERS EQUITY		5,181,624	4,856,201

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$	2000 \$
<u>OPERATING ACTIVITIES</u>			
Inflows			
Interest received		2,719,300	2,464,303
Fees and commissions		167,369	115,041
Dividends		16,397	20,976
Other income		3,639	8,256
		<u>2,906,705</u>	<u>2,608,576</u>
Outflows			
Interest paid		(1,188,335)	(887,838)
Suppliers and employees		(1,134,846)	(1,162,850)
Income taxes paid		(240,391)	(236,750)
		<u>(2,563,572)</u>	<u>(2,287,438)</u>
Net Cash from Operating Activities	31.c	<u>343,133</u>	<u>321,138</u>
<u>INVESTING ACTIVITIES</u>			
Inflows / (Outflows)			
Receivables from other financial institutions (net movement)		-	2,750,000
Proceeds on sale of investment in shares		287	425,894
Proceeds on sale of property, plant and equipment		27,700	14,512
Receivables from other financial institutions (net movement)		(1,250,000)	-
Purchase of fixed assets		(55,919)	(52,277)
Member loans (net movement)		(1,149,502)	(1,316,988)
		<u>(2,427,434)</u>	<u>1,821,141</u>
Net Cash from Investing Activities		<u>(2,427,434)</u>	<u>1,821,141</u>
<u>FINANCING ACTIVITIES</u>			
Inflows / (Outflows)			
Member deposits and shares (net movement)		3,609,141	(2,757,047)
		<u>3,609,141</u>	<u>(2,757,047)</u>
Net Cash from Financing Activities		<u>3,609,141</u>	<u>(2,757,047)</u>
Total Net Cash increase/(decrease)		1,524,840	(614,768)
Cash at Beginning of Year		(181,716)	433,052
Cash at End of Year	31.a	<u>1,343,124</u>	<u>(181,716)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

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 (Cwlth).

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 members 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 members 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001**

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 \$2,500 are not capitalised.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001**

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.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2001

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% (2000 34%).

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.

2. STATEMENT OF FINANCIAL PERFORMANCE

2.a Analysis of interest revenue

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%

Category of interest bearing assets	2000		
	Interest Revenue \$	Average Balance \$	Average Interest Rate %
Deposits with other financial institutions	346,305	6,378,799	5.43%
Loans and advances	2,045,486	28,199,102	7.25%
TOTAL INTEREST REVENUE	2,391,791	34,577,901	6.92%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$	2000 \$
2.b Non-interest revenue			
Fee and commission revenue			
- Loan fee income		28,883	31,933
- Other fee income		91,269	54,816
- Insurance commissions		18,339	23,137
- Other commissions		28,212	4,382
		<u>166,703</u>	<u>114,268</u>
Bad debts recovered		3,246	8,256
Dividend revenue		16,397	7,813
Other revenue			
- Gain on disposal of assets			-
- Property, plant and equipment		7,469	-
- Contingency Fund contribution		-	13,163
- Miscellaneous revenue		393	-
TOTAL NON-INTEREST REVENUE		<u>194,208</u>	<u>143,500</u>

2.c Borrowing Expenses

Analysis of interest expense

Category of interest bearing liabilities	2001		
	Interest Expense \$	Average Balance \$	Average Interest Rate %
Member deposits	1,213,546	30,139,324	0.04%
Overdraft	2,923	83,814	3.49%
TOTAL BORROWING EXPENSES	<u>1,216,469</u>	<u>30,223,138</u>	<u>4.02%</u>

Category of interest bearing liabilities	2000		
	Interest Expense \$	Average Balance \$	Average Interest Rate %
Member deposits	855,551	30,711,243	2.79%
Overdraft	6,448	92,991	6.93%
TOTAL BORROWING EXPENSES	<u>861,999</u>	<u>30,804,234</u>	<u>2.80%</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$	2000 \$
2.d			
Bad and doubtful debts expense			
Increase in provision		22,023	34,335
Bad debts written-off directly against profit		-	561
		<u>22,023</u>	<u>34,896</u>
2.e			
Other prescribed expense disclosures			
Auditors remuneration			
- Audit fees		23,899	20,600
- Other services		5,650	1,500
		<u>29,549</u>	<u>22,100</u>
Bad and doubtful debts expense, net of recoveries and movement of provisions		18,777	26,640
Finance lease charges		-	-
Property lease		63,955	61,195
Loss on disposal of assets			
- Property, plant, equipment		-	-
- Investments		-	-
Net movement in provision against assets			
Diminution in investments		-	3,329
Net movement in provisions for depreciation			
- Buildings		-	-
- Plant and equipment		59,444	57,177
- Leasehold improvements		54,755	25,090
Net movement in provisions for employee entitlements		3,406	21,784
Net movement in provisions for other liabilities		-	-
Supervision levy		4,052	4,759

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$	2000 \$
3. INCOME TAX EXPENSE			
3.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>167,988</u>	<u>154,525</u>
	Add:		
	- Under provision of income tax in prior year	2	-
	- Adjustment to recognise Future Income Benefits at 30%	27,646	13,169
	- Adjustment to opening Future Income Tax Benefits	-	70
		<u>27,648</u>	<u>13,239</u>
	Less:		
	- Franking Rebate	5,575	2,573
	Income tax expense attributable to operating profit	<u><u>190,061</u></u>	<u><u>165,191</u></u>
3.b	The income tax expense comprises amounts set aside as:		
	Provision for income tax attributable to current year taxable income.	173,532	158,325
	Less:		
	Movement in the Future Income Tax Benefit account.	(16,529)	(6,866)
	Income tax expense attributable to operating profit	<u><u>190,061</u></u>	<u><u>165,191</u></u>
3.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:	1,595,790	1,331,317

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$	2000 \$
4. CASH			
Cash on hand		76,302	47,831
Deposits at call		1,266,822	101,000
		<u>1,343,124</u>	<u>148,831</u>
5. RECEIVABLES FROM OTHER FINANCIAL INSTITUTIONS			
Term deposits		<u>6,150,000</u>	<u>4,900,000</u>
6. ACCRUED RECEIVABLES			
Interest receivable on deposits with other financial institutions		99,018	55,356
Prepayments		30,190	19,384
Sundry debtors		25,240	31,259
		<u>154,448</u>	<u>105,999</u>
7. LOANS AND ADVANCES			
7.a Amount due comprises:			
Term loans		558,003	611,321
Overdrafts and revolving credit		27,553,882	26,351,062
Subtotal		<u>28,111,885</u>	<u>26,962,383</u>
Less:			
Specific provision		42,571	139,234
Subtotal		<u>28,069,314</u>	<u>26,823,149</u>
Less:			
General provision		507,429	410,766
Net		<u>27,561,885</u>	<u>26,412,383</u>
7.b Security Dissection			
Secured by mortgage		22,712,218	21,769,760
Secured other		30,532	49,990
Partly secured by goods mortgage		3,312,399	2,898,582
Wholly unsecured		2,056,736	2,244,051
		<u>28,111,885</u>	<u>26,962,383</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$	2000 \$
7.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>19,466,398</u>	<u>19,593,949</u>
(iii) Purpose dissection			
Residential loans		16,630,193	16,910,050
Personal loans		10,704,510	9,695,563
Commercial loans		<u>777,182</u>	<u>356,770</u>
		<u>28,111,885</u>	<u>26,962,383</u>
8. PROVISION ON IMPAIRED LOANS			
8.a Total provision comprises:			
Specific provision		42,571	139,234
General provision		<u>507,429</u>	<u>410,766</u>
Total Provision		<u>550,000</u>	<u>550,000</u>
8.b Movement in the Specific Provision			
Balance at the beginning of year		139,234	64,118
Add:			
Transfers from profit and loss account		22,023	34,335
Transfers from the general provision		-	45,116
		<u>22,023</u>	<u>79,451</u>
Less:			
Transfers to the general provision		96,663	-
Bad debts written-off provision		<u>22,023</u>	<u>4,335</u>
		118,686	4,335
Balance at end of year		<u>42,571</u>	<u>139,234</u>
8.c Movement in General Provision			
Balance at beginning of year		410,766	455,882
Add: Transfers from the specific provision		96,663	-
Less: Transfers to the specific provision		-	(45,116)
Balance at end of year		<u>507,429</u>	<u>410,766</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$	2000 \$
8.d The specific loans provision consists of:			
(i) provision required under the APRA Prudential Standards		38,185	139,234
(ii) Additional specific provision		4,386	-
		<u>42,571</u>	<u>139,234</u>

8.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	2001 \$	2000 \$
Impaired Loans and Other Disclosures			
Non-Accrual loans – Balances			
- with no provision		44,288	-
- with a provision		<u>57,643</u>	<u>287,705</u>
		101,931	287,705
Less: Specific provision		<u>42,571</u>	<u>139,234</u>
		59,360	148,471
Restructured loans		-	-
Past due loans		-	<u>279,974</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$	2000 \$
Assets Acquired via enforcement of security			
- Real estate		-	-
- Other		-	-
Other Disclosures on Impaired Loans			
Interest and other revenue earned on impaired loans		<u>8,099</u>	<u>30,250</u>
Interest and other revenue foregone on impaired loans		<u>5,340</u>	<u>932</u>
9. OTHER INVESTMENTS			
9.a Shares			
Data Advantage Limited	9.b	65,164	43,760
CUSCAL		281,692	281,979
Computer bureau		10,000	10,000
Provision – shares in computer bureau		<u>(10,000)</u>	<u>(10,000)</u>
		<u>346,856</u>	<u>325,739</u>
9.b Data Advantage Limited			
<p>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 2001.</p>			
The total number of shares held at 30 June 2001		<u>9,513</u>	<u>9,513</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$	2000 \$
10. PLANT AND EQUIPMENT			
Plant and equipment - at cost		344,545	336,071
Less: Provision for depreciation		<u>273,704</u>	<u>241,473</u>
		70,841	94,598
Capitalised leasehold improvements		273,769	273,769
Less: Provision for amortisation		<u>107,243</u>	<u>52,488</u>
		166,526	221,281
Total plant and equipment		<u><u>237,367</u></u>	<u><u>315,879</u></u>

Movement in the assets balances during the year were:

Opening balance	315,879	360,381
Add: Purchases in the year	55,919	52,278
Less:		
Disposal of assets	20,232	-
Depreciation charge	<u>114,199</u>	<u>96,780</u>
	134,431	96,780
Balance at the end of the year	<u><u>237,367</u></u>	<u><u>315,879</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$	2000 \$
11. TAXATION ASSETS			
Future Income Tax Benefit		207,343	223,872
GST Recoverable		4,426	1,289
		<u>211,769</u>	<u>225,161</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. AMOUNTS PAYABLE TO OTHER FINANCIAL INSTITUTIONS

Overdraft – secured	25	<u>-</u>	<u>330,547</u>
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13. DEPOSITS

Member Deposits:			
- at call		12,359,249	11,788,289
- term		17,971,593	14,896,008
Total deposits		<u>30,330,842</u>	<u>26,684,297</u>
Withdrawable Shares		46,710	47,680
Total		<u>30,377,552</u>	<u>26,731,977</u>

Concentration of Member Deposits

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

	<u>-</u>	<u>-</u>
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A significant proportion of member deposits at balance date, were received from individuals employed in Australia in the Roads and Traffic Authority of New South Wales.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 #	2000 #
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		218	795
Shares redeemed in the year		703	1,175
		2001	2000
		\$	\$
14. PAYABLES			
Creditors and accruals		30,822	27,212
Sundry creditors		165,614	207,401
Interest payable		125,343	97,209
		<u>321,779</u>	<u>331,822</u>
15. TAXATION LIABILITIES			
Provision for income tax		37,056	100,778
GST payable		1,365	-
		<u>38,421</u>	<u>100,778</u>
16. PROVISIONS			
Provision for employee annual leave		27,840	31,777
Provision for employee long service leave		58,233	50,890
		<u>86,073</u>	<u>82,667</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 \$	2000 \$
17. CAPITAL ACCOUNT			
Capital Account		<u>970</u>	<u>-</u>
Balance at the beginning of the year		-	-
Add: Transfer from retained profits on share redemptions	17.a	970	-
Balance at the end of year		<u>970</u>	<u>-</u>
17.a Share Redemption			
<p>The account represents the amount of redeemable Preference shares redeemed by the Credit Union since 31 December 2000. The Law requires that the redemption of the shares are to be made out of profits. 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.</p>			
18. RESERVES			
18.a Asset Revaluation Reserve		<u>65,164</u>	<u>43,760</u>
18.b Movement in Asset Revaluation Reserve			
Balance - 1 July 2000		43,760	38,052
Add: Revaluation of Data Advantage Limited shares		21,404	5,708
Balance - 30 June 2001		<u>65,164</u>	<u>43,760</u>
19. RETAINED PROFITS			
Retained Profits at the beginning of the financial year		4,812,441	4,548,396
Add: Operating Profit for the year		304,020	264,045
Less: Transfer of reserves to Capital account on redemption of shares		(970)	-
Retained Profits at the end of the Financial Year		<u>5,115,491</u>	<u>4,812,441</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

20. MATURITY PROFILE OF FINANCIAL ASSETS AND LIABILITIES

Monetary assets and liabilities have differing 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	2001				LIABILITIES	
	Cash	ASSETS Receivables from Other Financial Institutions	Investment Securities Held	Loans & Advances (net of Specific Provision)	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	-	-	346,856	-	-	-
TOTAL	1,343,124	6,150,000	346,856	28,069,314	-	30,377,552

Maturity	2000				LIABILITIES	
	Cash	ASSETS Receivables from Other Financial Institutions	Investment Securities Held	Loans & Advances (net of Specific Provision)	Payables to other financial institutions	Member Deposits
	\$	\$		\$		\$
At call	148,831	-	-	-	-	11,835,969
Overdrafts	-	-	-	-	330,547	-
Up to 3 months	-	4,700,000	-	831,860	-	5,372,194
3 to 12 months	-	200,000	-	2,206,015	-	7,752,288
1 to 5 years	-	-	-	8,925,558	-	1,677,725
Over 5 years	-	-	-	14,859,716	-	93,801
Unspecified	-	-	325,739	-	-	-
TOTAL	148,831	4,900,000	325,739	26,823,149	330,547	26,731,977

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

21. 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	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%

Time band for changing interest rates	2000				
	Cash	ASSETS		LIABILITIES	
		Receivables from Other Financial Institutions	Loans and Advances (before Provision)	Payables to Other Financial Institutions	Member Deposits
	\$	\$	\$	\$	\$
Floating rate	148,831	-	-	330,547	11,835,969
Within 1 month	-	700,000	-	-	2,150,233
1 to 3 months	-	4,000,000	24,268,136	-	3,221,961
3 to 12 months	-	-	2,694,247	-	7,752,288
		200,000			
1 to 5 years	-	-	-	-	1,677,725
Over 5 years	-	-	-	-	93,801
TOTAL	148,831	4,900,000	26,962,383	330,547	26,731,977
Weighted Average Interest Rate	5.00%	6.15%	8.38%	7.68%	3.58%

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2001

22. 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 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 are held, are regularly traded by the Credit Union.

	2001					
	ASSETS				LIABILITIES	
	Cash	Receivables from Other Financial Institutions	Investment Securities Held	Loans and Advances (after all provisions)	Payables to Other Financial Institutions	Member Deposits
	\$	\$	\$	\$	\$	\$
Net fair value	1,343,124	6,150,000	346,856	27,561,885	-	30,377,552
Book value	1,343,124	6,150,000	346,856	27,561,885	-	30,377,552
Variance	-	-	-	-	-	-

	2000					
	ASSETS				LIABILITIES	
	Cash	Receivables from Other Financial Institutions	Investment Securities Held	Loans and Advances (after all provisions)	Payables to Other Financial Institutions	Member Deposits
	\$	\$	\$	\$	\$	\$
Net fair value	148,831	4,900,000	325,739	26,393,818	330,547	26,705,466
Book value	148,831	4,900,000	325,739	26,412,383	330,547	26,731,977
Variance	-	-	-	(18,565)	-	(26,511)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001**

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 2001. 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.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2001

	2001 \$	2000 \$
23. EXPENDITURE COMMITMENTS		
23.a Future Capital Commitments		
The Credit Union has no future capital commitments at balance date.		
23.b Future Lease Rental Commitments		
Operating lease payments under existing lease arrangements for building accommodation, payable over the following periods:		
Within 1 year	62,829	63,955
1 to 2 years	65,871	66,853
2 to 5 years	19,789	87,562
Over 5 years	-	-
	<u>148,489</u>	<u>218,370</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).

23.c Computer Bureau Charges		
Within 1 year	10,560	10,880
1 to 2 years	-	-
2 to 5 years	-	-
Over 5 years	-	-
	<u>10,560</u>	<u>10,880</u>

24. FINANCIAL COMMITMENTS

24.a Outstanding Loan commitments

The loans approved but not funded as at 30 June 2001.

	<u>929,393</u>	<u>1,270,239</u>
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24.b Undrawn Loan Facilities

Loan facilities available to members for overdrafts and line of credit loans are as follows:

Total value of facilities approved	1,114,364	1,016,209
Less: amounts advanced	<u>558,849</u>	<u>603,020</u>
Net undrawn value	<u>555,515</u>	<u>413,189</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

25. STANDBY BORROWING FACILITIES

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

	2001			
	Gross	Current	Borrowing	Net Available
	\$	\$	\$	\$
Loan Facility	500,000	-		500,000
Overdraft Facility	700,000	-		700,000
TOTAL STANDBY BORROWING FACILITIES	1,200,000	-		1,200,000
	2000			
	Gross	Current	Borrowing	Net Available
	\$	\$	\$	\$
Loan Facility	500,000	-		500,000
Overdraft Facility	700,000	330,547		369,453
TOTAL STANDBY BORROWING FACILITIES	1,200,000	330,547		869,453

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.

26. 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), of which 3% may be used by CUFSS to provide financial support by way of secured loans. At the balance date there were no loans issued.

Income tax on Contingency Fund

The Credit Union has a potential liability for the income tax on the refund of the Credit Union's contribution to the contingency fund in 1999. The liability to income tax was assessed at the time as a capital receipt, based on advice received from CUSCAL and tax advisors to the industry. The matter is the subject of a review by the Australian Taxation Office.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

Employee Entitlements

The Credit Union has a potential liability for the payment of entitlements to employees consequent on the dismissal of an employee, the amount of which cannot be determined.

27. DISCLOSURES ON DIRECTORS

27.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.J. Peachman (resigned 26/04/2001)
- R.G. Morgan
- V. Taranto
- S.A. Kemp
- W.H. Randell (appointed 26/04/2001)

2001	2000
\$	\$

27.b Remuneration

The aggregate remuneration of Directors during the year was:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

27.c Loans to Directors

(i)	The aggregate value of loans and credit facilities to Directors amounted to:	<u>146,222</u>	<u>127,716</u>
(ii)	During the year the aggregate value of loans disbursed to Directors amounted to:		
	Term Loans	8,884	10,000
	Revolving Credit Facilities	<u>-</u>	<u>-</u>
		<u>8,884</u>	<u>10,000</u>

Directors concerned with the above disbursements were:

- P.M. Murphy

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	28,500	21,200
Revolving Credit Facilities	<u>11,285</u>	<u>8,060</u>
	<u>39,785</u>	<u>29,260</u>

Directors concerned with the above repayments were:

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

27.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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001**

27.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 insofar 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.

28. ECONOMIC DEPENDENCY

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

28.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.

28.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.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2001

28.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.

29. SEGMENTAL REPORTING

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

30. SUPERANNUATION LIABILITIES

The Credit Union contributes to the CUE Super Plan for the purpose of Superannuation Guarantee payments and payment of other superannuation benefits on behalf of employees. An independent Corporate Trustee administers the 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.

31. NOTES TO STATEMENT OF CASH FLOWS

31.a Reconciliation of Cash

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

	2001 \$	2000 \$
Cash on hand	76,302	47,831
Deposits at call	1,266,822	101,000
Bank overdraft	-	(330,547)
Total Cash	<u>1,343,124</u>	<u>(181,716)</u>

31.b Cash unavailable for use

Cash, which is excluded from the above amount since it is not readily available for use by reason of it securing, overnight settlement obligations.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

	2001	2000
	\$	\$
31.c 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	304,020	264,045
Add:		
Increase in Provisions for Loans	-	30,000
Bad Debts Written-Off	-	561
Depreciation	114,199	82,267
Provisions for Staff Leave	3,406	-
Share Provision	-	3,329
Other Provisions	1,365	-
Accrued Expenses	3,610	-
Decreases in Sundry Debtors and Other Receivables	666	773
Decreases in FITB	16,529	6,865
Decrease in Deferred Expenditure	-	13,300
Increase in Interest Payable	28,134	-
Decrease in Interest Receivable	-	72,512
Less:		
Provision for Staff Leave	-	(8,905)
Provision for Income Tax	(63,722)	(78,424)
Other Provisions	-	(25,060)
Accrued Expenses	-	(13,699)
Increase in Prepayments	(10,806)	(587)
Increase in Interest Receivable	(43,662)	-
Increase in Deferred Expenditure	(3,137)	-
Gain on Sale of Assets	(7,469)	-
Decrease in Interest Payable	-	(25,839)
Net Cash From Operating Activities	<u>343,133</u>	<u>321,138</u>

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 13 2729 (or 13 BPAY)

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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HAYMARKET NSW 1238

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8-24 Kippax Street
SURRY HILLS

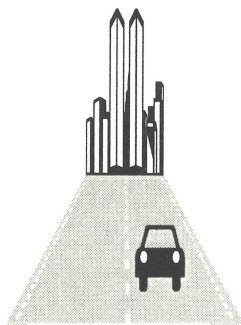
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FAX: (02) 9218 6605

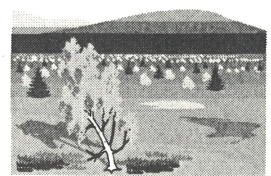
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City

"Your Road To Financial Success"

*SERVING CITY & COUNTRY
MEMBERS*



Country

