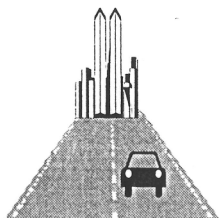


RTA STAFF CREDIT UNION LIMITED

Serving City & Country Members

35TH
ANNUAL
REPORT
1999

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 35th Annual General Meeting of R.T.A. Staff Credit Union Limited (ACN 087 650 600) will be held in the Taylor Room located on the first floor of the Furama Central Hotel, 22-44 Albion Street, Surry Hills (opposite RTA Head Office, Centennial Plaza) on Friday 26th November, 1999 commencing at 1.00 pm.

The formal notice of business of the meeting was contained in the September, 1999 edition of "DashBoard Update".

MEMBERS BOARD OF DIRECTORS

Glen Morgan (Chairman)
Patrick Murphy (Deputy Chairman)
Noel Hancock
Max De Boos
Sue Kemp
Jim Peachman
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 Response Consultant)
Joanne Badenoch (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

RTA STAFF CREDIT UNION LIMITED

YEAR ENDED 30 JUNE 1999

KEY TO ABBREVIATIONS

AFIC **Australian Financial Institutions Commission**

This is the Regulatory body with primary responsibility for overseeing compliance with the Financial Institutions Code. AFIC also establishes the Prudential Standards upon which Credit Unions operate and report to members, and oversees the performance of State Supervisory Authorities in their administration of the Standards.

FINCOM **NSW Financial Institutions Commission**

This is the State Supervisory Authority (SSA) which oversees the Credit Union's compliance with AFIC Prudential Standards within NSW.

SSP **Special Services Provider**

These organisations are registered under the Financial Institutions Code, and are subject to direct Supervision by 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 27 for further explanations on CUSCAL services.

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KEY STATISTICS OF THE CREDIT UNION

	1995	1996	1997	1998	1999
Members (No.)	4,981	5,028	5,021	4,924	4,844
Deposits \$	25,888,140	29,029,376	32,279,536	30,833,933	29,586,034
Average Member Deposit \$	5,197	5,773	6,428	6,262	6,108
Loans \$	24,414,783	27,033,971	27,507,460	26,713,782	25,645,953
Average loan balance \$	4,902	5,377	5,478	5,425	5,294
Loans funded in the year- \$m	12.0	9.8	8.8	8.9	7.2
Bad debts written off \$	82,198	25,293	11,874	17,157	16,541
Capital adequacy ratio %	17.10	18.00	20.15	22.70	24.96
Total Reserves \$	2,990,239	3,273,823	3,814,550	4,164,865	4,586,448
Total Assets \$	31,321,957	36,024,830	36,773,877	35,818,349	34,726,120
Reserves to Assets %	9.55	9.09	10.37	11.63	13.08
Return/Average Assets %	1.90	0.80	1.10	1.01	0.88
Staff/Member ratio	1:830	1:838	1:717	1:821	1:807
Staff/Asset ratio	1:\$5.2m	1:\$6.0m	1:\$5.2m	1:\$5.96m	1:\$5.97m

PRINCIPAL PRODUCTS

At Call Deposits
 Term deposits
 Bill Paying Services
 Telephone Banking Service (PhoneTeller)
 Payroll Deposits and Direct Credits
 Visa Card
 Chequing facility
 ATM Access via Reditellers (via Redicard)
 General Insurance Products
 Loans - Personal
 - Housing
 - Line of Credit

STATEMENT ON YEAR 2000 DATE PROGRAMME

The Credit Union is well advanced in its Year 2000 Programme with core banking systems satisfactorily tested by our IDPC with staff provided by the Credit Union. Critical office equipment has been tested and verified as compliant.

Testing of interfaces with interconnecting networks for ATM, EFTPOS, Visa, Direct Entry, Cheque Clearance Systems have been successfully performed.

Since the Credit Union is dependent on the basic needs of power, water, transport and communication systems also operating, we have implemented a contingency plan to assist members to perform basic banking functions should unforeseen circumstances arise. This will involve:

- Communication via media and notices
- Telephone HOT line
- Operating branches out of normal hours if necessary and safe to do so.

This statement is a Year 2000 Disclosure Statement for the purposes of Year 2000 Information Disclosure Act 1999. The Credit Union may be protected by the Act from liability for the statement in certain circumstances.

CHAIRMAN'S REPORT

I am pleased on behalf of the Board of Directors of the RTA Staff Credit Union to present to you our 35th Annual Report for the financial year ended 30 June 1999.

The Year in Review

1998/99 has again been a year of consolidation and stabilisation for your Credit Union despite the fluctuations in the financial markets and the general competition from other financial institutions especially in the area of home and mortgage loans

Your Credit Union remains committed to continuing the introduction of innovative products and services and is currently embracing the latest technology to ensure that we remain competitive in the ever-expanding financial industry. It is our intention that this will be achieved at minimum of cost to Members whilst maintaining the highest level of customer service.

1998/99 Highlights

- Complete office refurbishment of new office premises in Kippax Street over five months and office move co-ordinated on 26th March 1999.
- Commencement of the promotion of new image with sales/service culture and complete office organisational restructure, with appointment of a new Loans Supervisor and the impending commencement of a telephone call centre.
- A reduction in bad debts with post (regulated) loans, with very few becoming delinquent.
- Introduction of Visa Travel Money and availability of Travellers Cheques, both through Thomas Cook.
- Visa International Associate Membership obtained and impending commencement of the Visa Debit card. Introduction of overdraft accounts as part of the Visa programme.
- Introduction of Line of Credit, New Car Loans Variable and 12 month capped Housing Loans.
- Reserve to Asset level from 1st July 1998 to 30th June 1999 has risen by 1.45%, from 11.63% to 13.08%, with financial year ended 30th June 1999 finishing with a capital adequacy level of just under 25%.
- After-tax profit achieved for the year ended 30/6/99 was 0.88% of average assets.
- Transfer effected from F.I. Code to Corporations Law on 1st July 1999.
- Y2K preparation all year to ensure the Credit Union continues to operate effectively into the new year after 31/12/99.

Operating profit for the year before income tax after abnormal items was \$609,831 (an increase of \$82,544 over 1997/98). Prudential performance guidelines remain ahead of industry requirements. Operating costs of your Credit Union for example continue to run at almost half the industry average.

Regrettably during the year the Credit Union lost the services of Director, Warwick Randell. I would like to take this opportunity to thank Warwick for his long and unselfish commitment and express appreciation for his contribution to the running of the Credit Union.

The Board welcomed new Director, Vince Taranto during the year and his additional knowledge and skills are greatly assisting the Board to successfully operate in such a competitive climate.

It would be remiss of me not to formally acknowledge at this point the outstanding contribution made by the staff and management of the Credit Union. Their ongoing commitment to the highest level of customer service has the respect of the Board, and most of all, I'm sure, the Members. It is the staff that collectively makes the Credit Union such a successful operation.

The Year Ahead

Management and Board are about to embark on a major Strategic Planning process to define the direction for your Credit Union as it moves further into the corporate field.

We will continue to keep Members updated via regular newsletters. Feedback from membership is always appreciated and has helped us in the past year to provide the products and service you want.

I commend this report to you on behalf of the Board of Directors and thank them for their continuing commitment. We thank all Members for your loyalty and patronage during the year and look forward to your continued support.

A handwritten signature in black ink, appearing to read "Glen Morgan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Glen Morgan
Chairman

RTA STAFF CREDIT UNION LIMITED

DIRECTORS' REPORT

Your Directors submit the Financial Accounts of the Credit Union for the year ended 30 June 1999.

DIRECTORS

The names of directors in office at the date of this report are:

Name	Experience and Qualifications	Special Responsibilities
Robert Glen Morgan	Director 10 years	Chairman 3 years & Audit Committee
Patrick M Murphy	Director 5 years	Deputy Chairman 3 years & Chairman Audit Committee
Noel J Hancock	Director 3 years	Audit Committee
Maxwell W De Boos	Director 2 years	Audit Committee
Walter J Peachman	Director 3 years	
Susan A Kemp	Director 2 years	
Vincent E Taranto	Director 1 year	

Meetings Attended

Name	Board		Audit Committee	
	Meetings Held in Period	Meetings Attended	Meetings Held in Period	Meetings Attended
R G Morgan	13	10	0	N/A
P M Murphy	13	13	0	N/A
W H Randell	2	1	0	N/A
N J Hancock	13	12	0	N/A
W J Peachman	13	9	N/A	N/A
S A Kemp	13	11	N/A	N/A
M W De Boos	13	11	0	N/A
V E Taranto	12	12	N/A	N/A

The Audit Committee is established to oversight the financial reporting and audit process. Its role generally includes:

- Monitoring audit reports and management responses thereto;
- Liaising with the auditors on the scope of their work, and experience in conducting an effective audit.

During 1998/99 Audit Committee matters were addressed at full Board meetings.

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 Rules.

There were no significant changes in the principal activities during the year.

OPERATING RESULTS

The profit of the Credit Union after providing for income tax and extraordinary items amounted to \$383,531 (1998 \$350,315).

REVIEW OF OPERATIONS

The following significant events occurred during the year:

- Credit Union office fitout and relocation from Mary Street to Kippax Street, Surry Hills.
- Transfer of General Insurance and Consumer Credit Insurance from Cuna Mutual to VACC Insurance.
- Member survey conducted to indicate member perceptions and preferences.
- Acquired Associate Membership of Visa International to enable the offering of Visa Debit Cards to our membership.
- New products introduced (e.g., Line of Credit, Variable New Car Loans and 12 month capped Housing Loans).
- New Access to Credit Union by new 1300 telephone number and via E-mail.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Credit Union that occurred during the financial year under review.

AFTER BALANCE DATE EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Credit Union, the results of those operations, or the state of affairs of the Credit Union in the financial year ending 30 June 1999.

LIKELY DEVELOPMENTS AND RESULTS

The Directors and Management are planning to hold a strategic planning session during 1999/2000 to assist in establishing the goals and future direction of the Credit Union which could affect the results of the Credit Union in the future years.

DIRECTORS' BENEFITS

No benefits have been received or are due to be received by a director, a firm of which the director is a member, or an organisation in which a director has a substantial financial interest, either during the financial year, or subsequently, under a contract for services rendered to the Credit Union.

Signed in accordance with a resolution of the Board of Directors by:



R G Morgan
Director



P M Murphy
Director

Dated this 22nd day of September 1999

RTA STAFF CREDIT UNION LIMITED

STATEMENT BY DIRECTORS

In the opinion of the directors of the RTA Staff Credit Union Limited:

1. (a) the accompanying Profit and Loss Account and Statement of Cash Flows are drawn up so as to give a true and fair view of the profit or loss of the Credit Union and of its cash flows respectively, for the financial year ended 30 June 1999; and
(b) the accompanying Balance Sheet is drawn up so as to give a true and fair view of the state of affairs of the Credit Union as at the 30 June 1999.
2. At the date of this statement, there are reasonable grounds to believe that the Credit Union will be able to pay its debts as and when they fall due.

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



R G Morgan
Director



P M Murphy
Director

Dated this 22nd day of September 1999

RTA STAFF CREDIT UNION LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1999

	NOTE	1999 \$	1998 \$
Interest revenue	2a.	2,516,862	2,734,764
Interest expense	2b.	<u>(993,813)</u>	<u>(1,266,151)</u>
Net interest revenue		1,523,049	1,468,613
Non interest revenue	2c.	125,931	91,206
Bad and doubtful debt expense	2d.	(76,541)	(62,657)
Other expenses	2e.	<u>(1,054,562)</u>	<u>(924,875)</u>
Operating profit or loss before abnormal items and income tax		517,877	572,287
Abnormal items before income tax	3	<u>91,954</u>	<u>(45,000)</u>
OPERATING PROFIT before Income Tax		609,831	527,287
INCOME TAX EXPENSE	4	<u>(226,300)</u>	<u>(176,972)</u>
OPERATING PROFIT after Income Tax		383,531	350,315
Retained profit at the beginning of the financial year		<u>4,164,865</u>	<u>3,814,550</u>
Total available for appropriation		4,548,396	4,164,865
Aggregate amounts transferred to reserves	17	<u> -</u>	<u> -</u>
Retained profit at the end of the financial year		<u>4,548,396</u>	<u>4,164,865</u>

RTA STAFF CREDIT UNION LIMITED

BALANCE SHEET AS AT 30 JUNE 1999

	NOTE	1999 \$	1998 \$
<u>ASSETS</u>			
Cash	5	433,052	1,521,912
Receivables due from other financial institutions	6	7,650,000	6,050,000
Accrued receivables	7	163,440	279,350
Investment securities	8	252,000	1,037,000
Loans and advances	9 & 10	25,125,956	26,238,282
Other investments	11	497,254	357,112
Property, plant and equipment	12	360,381	112,566
Other assets	13	<u>244,037</u>	<u>223,183</u>
TOTAL ASSETS		<u>34,726,120</u>	<u>35,819,405</u>
<u>LIABILITIES</u>			
Deposits	15	29,634,474	30,883,173
Creditors and other liabilities	16	<u>505,198</u>	<u>771,367</u>
TOTAL LIABILITIES		<u>30,139,672</u>	<u>31,654,540</u>
NET ASSETS		<u>4,586,448</u>	<u>4,164,865</u>
<u>MEMBERS' FUNDS</u>			
Reserves	17	38,052	-
Retained profits		<u>4,548,396</u>	<u>4,164,865</u>
TOTAL MEMBERS' FUNDS		<u>4,586,448</u>	<u>4,164,865</u>

RTA STAFF CREDIT UNION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 1999

	NOTE	1999 \$	1998 \$
<u>OPERATING ACTIVITIES</u>			
Inflows			
Interest received		2,516,862	2,859,490
Fees and commissions:		202,739	-
- Dividends received		-	-
- Other income		26,735	62,477
		<u>2,746,336</u>	<u>2,921,967</u>
Less: Outflows			
Interest paid		1,043,002	1,325,849
Suppliers and employees		1,022,354	742,557
Income taxes paid		228,442	132,325
		<u>2,293,798</u>	<u>2,200,731</u>
Net Cash from Operating Activities	29b.	<u>452,538</u>	<u>751,273</u>
<u>INVESTING ACTIVITIES</u>			
Inflows			
Receivables from other financial institutions (net movement)		-	-
Proceeds on sale of investments		785,000	476,291
Proceeds from sale of property, plant and equipment		-	-
Member loan repayments		8,304,492	8,489,487
		<u>9,089,492</u>	<u>8,965,778</u>
Less: Outflows			
Receivables from other financial institutions (net movement)		1,600,000	-
Purchase of Investment of Shares		13,472	-
Purchase of fixed assets		318,143	46,219
Member loans disbursed		7,245,426	7,505,539
		<u>9,177,041</u>	<u>7,551,758</u>
Net Cash from Investing Activities		<u>(87,549)</u>	<u>1,414,020</u>
<u>FINANCING ACTIVITIES</u>			
Inflows			
Member deposits and shares (net movement)		(1,453,849)	(1,446,573)
Payables to other financial institutions (net movement)		-	-
		<u>-</u>	<u>-</u>
Net Cash from Financing Activities		<u>(1,453,849)</u>	<u>(1,446,573)</u>
Total Net Cash Increase/(Decrease)		(1,088,860)	718,720
Cash at Beginning of Year		1,521,912	803,192
Cash at End of Year	29a.	<u>433,052</u>	<u>1,521,912</u>

RTA STAFF CREDIT UNION LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 1999

1. STATEMENT OF ACCOUNTING POLICIES

The accounts of the Credit Union are general purpose financial reports drawn up in accordance with the statements of accounting concepts, all applicable accounting standards and other mandatory professional reporting requirements, and the provisions of the Financial Institutions (NSW) Code including Prudential Standards. Except where stated, the accounts have been prepared on the basis of historical costs, and consistent accounting policies with the prior year have been applied.

a. Loans 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 for provision against debts considered doubtful.

(ii) Interest Earned

Regulated Term Loans - The loan interest is calculated 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, for loans regulated under the Consumer Credit Code.

Unregulated Term Loans - The loan interest is calculated initially on the basis of the proportion of interest from the funding of the loan to the end of the month, and thereafter on the opening balance of the month in advance for that month.

Overdrafts - The loan interest is calculated 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 - Is not brought to account 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,.

(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.

b. 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 Financial Institutions Code and Statement of Prudential Standards requires a minimum provision to be maintained, based on specific percentages on 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 collectability 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
- the concentration of loans by employment type

This additional provision is equivalent to 1.80% (1998 1.25%) of the loans outstanding. Since the previous financial year the amount set aside to the provision has been varied. The impact of this change is that the provision has increased further by an amount of \$141,000 over that which was previously set aside, with corresponding impact on the financial results of the Credit Union.

c. **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 provisions 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 profit and loss account.

d. **Property, Plant and Equipment**

Property, Plant and Equipment, with the exceptions of freehold land, is 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 Years
Plant and Equipment	3 to 7 Years

Assets under \$1,000 are not capitalised and are expensed at time of acquisition.

This policy is in accordance with the Prudential Standards set down by AFIC.

e. **Deposits with other Financial Institutions**

Term Deposits with the Special Services Provider 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 over the expired period of the term of the investment. Interest receivable is included in the amount of receivables in the balance sheet.

f. 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.

g. Member Savings

(i) Basis for Determination

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

(ii) Interest Payable

Interest on savings is calculated on the daily balance and posted to the accounts monthly, or on maturity of 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 savings and term deposit account as varied from time to time. The amount of the accrual is shown as part of other Creditors and Other Liabilities (refer Note 16).

h. Provision for Employee 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 employees superannuation fund and are charged as expenses when incurred.

i. Income Tax

The Credit Union adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account 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 36%.

Future Income Tax Benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. The amount of these benefits is based on the assumption that:

- i. no adverse change will occur in income tax legislation and
- ii. 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. PROFIT AND LOSS ACCOUNT

a. Analysis of Interest Revenue

1999

Category of interest bearing asset	Interest revenue \$	Average balance \$	Average interest rate %
Deposits with other financial institutions	430,117	8,335,142	5.16%
Securities – investment	25,981	622,769	4.17%
Loans and advances	2,060,764	26,306,402	7.83%
Total	2,516,862	35,264,313	

1998

Category of interest bearing asset	Interest revenue \$	Average balance \$	Average interest rate %
Deposits with other financial institutions	372,942	6,990,432	5.34%
Securities – investment	118,089	1,586,000	7.45%
Loans and advances	2,243,733	27,537,952	8.15%
Total	2,734,764	36,114,384	

b. Analysis of Interest Expense

1999

Category of interest bearing liability	Interest expense \$	Average balance \$	Average interest rate %
Member deposits	992,709	30,731,151	3.23%
Overdraft	1,104	16,017	6.89%
Total	993,813	30,747,168	

1998

Category of interest bearing asset	Interest expense \$	Average balance \$	Average interest rate %
Member deposits	1,266,151	31,989,167	3.96%
Overdraft	-	-	
Total	1,266,151	31,989,167	

	1999	1998
	\$	\$
c. Non-interest Revenue comprises:		
Dividend revenue	-	-
Fee and Commission Revenue		
- Loan fee income	29,355	12,187
- Other fee income	42,002	17,970
- Insurance Commissions	14,245	9,098
- Other Commissions	294	-
	<u>85,896</u>	<u>39,255</u>
Bad Debts Recovered	10,252	21,861
Other Revenue		
- Miscellaneous	<u>29,783</u>	<u>30,090</u>
TOTAL NON-INTEREST INCOME	<u><u>125,931</u></u>	<u><u>91,206</u></u>
d. <u>Bad and Doubtful debts expense</u>		
Increase in provision	67,781	45,500
Bad debts written-off directly against profit	<u>8,760</u>	<u>17,157</u>
Total bad and doubtful debts expense	<u><u>76,541</u></u>	<u><u>62,657</u></u>

	1999 \$	1998 \$
e. <u>Other Non-Interest Expenditure</u>		
Fee and Commission Expense	130,606	120,388
General Administration Expenses	540,605	495,423
Other Operating Expenses	<u>383,351</u>	<u>309,064</u>
Total other non-interest expense	<u>1,054,562</u>	<u>924,875</u>
f. <u>Other Prescribed Expense Disclosures</u>		
- Auditors remuneration		
- Audit fees	21,524	21,000
- Other services	<u>4,585</u>	<u>3,190</u>
	<u>26,109</u>	<u>24,190</u>
- Bad and doubtful debt expense, net of recoveries and movement in provisions	66,289	40,796
- Property lease	75,094	42,752
- Loss on disposal of assets		
- property plant and equipment	570	-
- Net movement in Provision against assets		
- Diminution in Investments	3,336	3,335
- Net movement in Provision for depreciation		
- Plant and equipment	69,758	45,519
- Net movement in Provision for Employee Entitlements	14,899	10,602
- Net movement in Provision for other liabilities	10,548	(15,000)
- Supervision levy	11,628	12,053
3. <u>ABNORMAL ITEMS</u>		
Contingency Fund Contribution	91,954	-
Provision for Relocation Costs	-	(45,000)
Applicable income tax on abnormal items	<u>(33,103)</u>	<u>16,200</u>
Abnormal items net of income tax	<u>58,851</u>	<u>(28,800)</u>

4. INCOME TAX

	1999 \$	1998 \$
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 at 36%	219,539	189,824
Less tax effect of:-		
- Bad debts recovered (pre S23G)	3,691 <u>215,848</u>	7,870 <u>181,954</u>
Add:		
Underprovision of tax in prior year	10,101	-
Adjustment to opening Future Income Tax Benefits	351	-
Less:		
Overprovision of tax in prior year	<u>-</u>	<u>4,982</u>
Income tax expense attributable to operating profit	<u>226,300</u>	<u>176,972</u>
b. The income tax expense comprises amounts set aside as:-		
Provision for income tax attributable to current year taxable income.	240,286	193,824
Less:		
Movement in the future income tax benefit account.	<u>13,986</u>	<u>11,870</u>
	<u>226,300</u>	<u>181,954</u>
c. <u>Franking Credits</u>		

The amount of franking credits held by the Credit Union amount to \$959,945 (1998 \$550,728) after adjustment for credits arising on tax payable in the current years profits.

Since the Credit Union rules prevent a dividend being declared these credits are not presently available to members.

Franking credits represent reserves upon which income tax has been paid.

	1999	1998
	\$	\$
5. <u>CASH</u>		
Cash on hand	35,000	35,000
Deposits with SSPs - at call	398,052	1,486,912
	<u>433,052</u>	<u>1,521,912</u>
6. <u>RECEIVABLES DUE FROM OTHER FINANCIAL INSTITUTIONS</u>		
Deposit with SSP (CUSCAL)	7,400,000	5,800,000
Deposits with Banks	<u>250,000</u>	<u>250,000</u>
	<u>7,650,000</u>	<u>6,050,000</u>
7. <u>ACCRUED RECEIVABLES</u>		
Prepayments	18,797	17,864
Sundry Debtors	<u>144,643</u>	<u>261,486</u>
	<u>163,440</u>	<u>279,350</u>
8. <u>INVESTMENT SECURITIES</u>		
Bank Bills and Promissory Notes	252,000	737,000
Certificates of Deposits	<u>-</u>	<u>300,000</u>
	<u>252,000</u>	<u>1,037,000</u>
9. <u>LOANS AND ADVANCES</u>		
a. Amount Due comprises:		
Overdrafts and revolving credit	375,527	26,615
Term Loans	<u>25,270,429</u>	<u>26,687,167</u>
Total	25,645,956	26,713,782
Less:		
Specific Provision	64,118	143,194
	<u>25,581,838</u>	<u>26,570,588</u>
Less		
General Provision	<u>455,882</u>	<u>332,306</u>
Net	<u>25,125,956</u>	<u>26,238,282</u>
b. <u>Security Dissection</u>		
Secured by Mortgage	18,903,283	20,657,768
Secured Other	2,417,880	2,796,933
Wholly Unsecured	<u>4,324,790</u>	<u>3,259,081</u>
	<u>25,645,953</u>	<u>26,713,782</u>

c. Concentration of Loans

- i. Individual loans which exceed 10% of Member Funds in aggregate amount to \$Nil (1998 \$Nil)
- ii. Loans to individuals and corporate members are concentrated solely in Australia, and in the following significant employment industry classifications which represent in aggregate loans and advances of 10% or more of Member funds of the Credit Union.

	1999	1998
	\$	\$
<u>Significant Business Segments or Industry</u>		
Roads and Traffic Authority	19,434,194	-
iii. <u>Purpose dissection</u>		
Residential Loans	12,325,416	11,067,520
Personal Loans	13,000,986	12,213,541
Commercial Purpose Loans	<u>319,551</u>	<u>3,432,721</u>
	<u>25,645,953</u>	<u>26,713,782</u>

In this note, loans are classified in accordance with AFIC Prudential Standards for Credit Unions. (1998 comparative figures were unavailable to report for significant business segments or industry)

10. PROVISION ON IMPAIRED LOANS

a.	<u>Total provision comprises</u>	1999	1998
		\$	\$
	Specific Provisions	64,118	143,194
	General Provisions	<u>455,882</u>	<u>332,306</u>
		<u>520,000</u>	<u>475,500</u>
b.	<u>Movement in the Specific Provision</u>		
	Balance at Beginning of year	143,194	99,484
	Add:		
	Transfers from profit & loss account	(55,795)	43,710
		<u>87,399</u>	<u>143,194</u>
	Deduct:		
	Bad debts written off provision	<u>23,281</u>	-
	Balance at end of year	<u>64,118</u>	<u>143,194</u>
c.	<u>Movement in General Provision</u>		
	Balance at Beginning of year	332,306	330,516
	Add:		
	Transfers from profit & loss account	<u>123,576</u>	<u>1,790</u>
	Balance at end of year	<u>455,882</u>	<u>332,306</u>
d.	The specific loans provision consists of:-		
	(i) Provision required under the AFIC Prudential Standards	64,118	143,194
	(ii) Additional Specific Provision	-	-
		<u>64,118</u>	<u>143,194</u>

e. **Impaired Loan Classification**

Revised 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 a 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"

	1999	1998
	\$	\$
<u>Impaired Loans and Other Disclosures</u>		
<u>Non Accrual Loans</u>		
<u>Balances</u>		
- with no Provision	-	-
- with a Provision	73,415	199,562
	<u>73,415</u>	<u>199,562</u>
Less Specific Provision	64,118	143,194
	<u>9,297</u>	<u>56,368</u>
<u>Restructured Loans</u>	-	-
<u>Past Due Loans</u>	<u>199,371</u>	<u>-</u>
<u>Assets Acquired via Enforcement of Security</u>		
- Real Estate	-	-
- Other	-	-
<u>Other disclosures on Impaired loans (non accrual and Restructured loans)</u>		
Interest and Other Revenue Earned on these loans	<u>5,209</u>	
Interest and Other Revenue Forgone on these loans	<u>1,686</u>	

11. OTHER INVESTMENTS

	1999 \$	1998 \$
<u>Contingency Fund</u>	130,159	38,205
<u>Shares</u>		
- in other entities	38,052	-
- SSPs (CUSCAL)	325,714	312,242
- Co-Processing Pty Ltd	10,000	10,000
Less: Provision	<u>(6,671)</u>	<u>(3,335)</u>
	<u>497,254</u>	<u>357,112</u>
a. <u>Contingency Fund</u>		

This amount is held on deposit with the NSW Financial Institutions Commission (FINCOM) in accordance with the Financial Institutions (NSW) Code. The funds have been repaid in the period since balance date.

b. Material Interest in Entities not being Subsidiaries

Co-Processing Pty Ltd

The Credit Union has an interest in Co-Processing Pty Ltd for the provision of computer services to the Credit Union and several other Credit Unions.

The shares held are as follows:-

	1999 \$	1998 \$
B Class Shares	10,000	10,000
Less: Provision for Diminution	<u>6,671</u>	<u>3,335</u>
	<u>3,329</u>	<u>6,665</u>

The Credit Union holds 2.77% of the Share Capital amounting to \$360,000 which is stated in the accounts at cost.

	1999 \$	1998 \$
12. <u>PROPERTY PLANT AND EQUIPMENT</u>		
Plant and Equipment - at cost	299,843	256,487
Less: Provision for Depreciation	<u>184,295</u>	<u>143,921</u>
	<u>115,548</u>	<u>112,566</u>
Capitalised Leasehold Improvements	257,719	-
Less: Provision for Amortisation	<u>12,886</u>	<u>-</u>
	<u>244,833</u>	<u>-</u>
Total Property Plant and Equipment	<u>360,381</u>	<u>112,566</u>

13. OTHER ASSETS

	1999 \$	1998 \$
Future Income Tax Benefit	230,737	223,183
Other Assets	<u>13,300</u>	<u>-</u>
	<u>244,037</u>	<u>223,183</u>

Future Income Tax Benefit

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

14. AMOUNTS PAYABLE TO OTHER FINANCIAL INSTITUTIONS

	1999 \$	1998 \$
Special Services Provider		
- Overdraft – Secured (Note 23)	-	-
- Loan – Secured (Note 23)	-	-
Deposits from Other Societies	-	-
Banks	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

15. DEPOSITS

Member Deposits		
- At Call	12,976,936	11,045,280
- Term	<u>16,609,098</u>	<u>19,788,653</u>
Total Deposits	29,586,034	30,833,933
Withdrawable Shares	<u>48,440</u>	<u>49,240</u>
	<u>29,634,474</u>	<u>30,883,173</u>

Concentration of Member Deposits

Individual member deposits which represent 10% or more of the **total liabilities** of the Credit Union amount in aggregate to \$Nil (1998 \$Nil).

Member deposits at balance date were received from individuals employed in Australia in the following major industry groups representing more than 10% of total liabilities (1998 comparatives were unavailable to report):

- Road and Traffic Authority	11,188,477	-
------------------------------	------------	---

	1999 \$	1998 \$
<u>Members Withdrawable Shares</u>		
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:		
Movement in Share Capital:		
Share issued in the year	1,790	2,080
Shares redeemed in the year	2,590	3,040
16. <u>CREDITORS AND OTHER LIABILITIES</u>	1999 \$	1998 \$
Creditors and accruals	174,784	232,659
Provision for employee annual leave	31,784	27,121
Provision for employee long service leave	59,788	53,067
Provision for Income Tax	179,202	167,359
Provision for deferred income tax	-	6,431
Other Creditors	34,580	239,730
Provisions – Other	<u>25,060</u>	<u>45,000</u>
	<u>505,198</u>	<u>771,367</u>
17. <u>RESERVES</u>	1999 \$	1998 \$
a. General Reserve	<u>38,502</u>	<u>-</u>
b. Movement in General Reserve		
Balance - 1 July 1999	-	-
Add:		
Revaluation of Shares in Data Advantage Ltd	<u>38,052</u>	<u>-</u>
Balance - 30 June 1999	<u>38,052</u>	<u>-</u>

18. MATURITY PROFILE OF FINANCIAL ASSETS AND LIABILITIES

Monetary assets and liabilities have differing maturity profiles depending on their 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 currently 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 will be repaid.

1999

Maturity	ASSETS				LIABILITIES	
	Cash	Receivables from Other Financial Institutions	Investment Securities Held	Loans & Advances (net of Specific Provision)	Payables to Other Financial Institutions	Member Deposits
At Call	398,052	-	-	-	-	13,025,376
Overdrafts	-	-	-	-	-	-
Up to 3 Months	-	3,500,000	252,000	899,975	-	6,001,672
3 to 12 Months	-	4,150,000	-	2,385,233	-	8,058,055
1 to 5 years	-	-	-	9,531,814	-	2,549,371
Over 5 Years	-	-	-	12,828,931	-	-
Unspecified	-	-	-	-	-	-
TOTAL	398,052	7,650,000	252,000	25,645,953	-	29,634,474

1998

Maturity	ASSETS				LIABILITIES	
	Cash	Receivables from Other Financial Institutions	Investment Securities Held	Loans & Advances (net of Specific Provision)	Payables to Other Financial Institutions	Member Deposits
At Call	1,486,912	-	-	-	-	11,094,520
Overdrafts	-	-	-	-	-	-
Up to 3 Months	-	3,650,000	535,000	897,583	-	8,402,262
3 to 12 Months	-	2,400,000	-	2,495,067	-	8,758,458
1 to 5 years	-	-	502,000	9,771,902	-	2,627,933
Over 5 Years	-	-	-	13,549,230	-	-
Unspecified	-	-	-	-	-	-
TOTAL	1,486,912	6,050,000	1,037,000	26,713,782	-	30,883,173

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

19. 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.

1999

Time band for changing interest rates	ASSETS				LIABILITIES	
	Cash	Receivables from Other Financial Institutions	Investment Securities Held	Loans and Advances (before provision)	Payables to Other Financial Institutions	Member Deposits
Floating Rate	398,052	-	-	-	-	13,025,376
Within 1 Month	-	2,500,000	252,000	-	-	-
1 to 3 Months	-	1,000,000	-	22,522,408	-	6,001,672
3 to 12 Months	-	4,150,000	-	2,727,121	-	8,058,055
1 to 5 Years	-	-	-	-	-	2,549,371
Over 5 years	-	-	-	-	-	-
TOTAL	398,052	7,650,000	252,000	25,249,529	-	29,634,474
Weighted Average Interest Rate	0.00%	5.00%	7.50%	7.56%	-	3.03%

1998

Time band for changing interest rates	ASSETS				LIABILITIES	
	Cash	Receivables from Other Financial Institutions	Investment Securities Held	Loans & Advances (before provision)	Payables to Other Financial Institutions	Member Deposits
Floating Rate	1,486,912	-	-	20,386,843	-	11,094,520
Within 1 Month	-	2,000,000	200,000	-	-	3,664,859
1 to 3 Months	-	1,400,000	585,000	1,685,839	-	4,737,403
3 to 12 Months	-	-	-	4,165,600	-	8,758,458
1 to 5 Years	-	2,650,000	252,000	-	-	2,627,933
Over 5 years	-	-	-	-	-	-
TOTAL	1,486,912	6,050,000	1,037,000	26,238,282	-	30,883,173
Weighted Average Interest Rate	1.83%	7.39%	4.33%	7.96%	-	3.28%

20. 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.

1999					
	ASSETS			LIABILITIES	
	Receivables from Other Financial Institutions	Investment Securities Held	Loans and Advances (before provision)	Payables to Other Financial Institutions	Member Deposits
Net Fair Value	7,654,078	257,622	25,581,838	-	29,702,859
Book Value	7,650,000	252,000	25,125,956	-	29,634,474
Variance	4,078	5,622	455,882	-	68,385

1998					
	ASSETS			LIABILITIES	
	Receivables from Other Financial Institutions	Investment Securities Held	Loans and Advances (before provision)	Payables to Other Financial Institutions	Member Deposits
Net Fair Value	8,703,953	318,907	26,238,282	-	30,883,173
Book Value	8,650,694	318,907	26,238,282	-	30,883,173
Variance	53,259	-	-	-	-

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 and 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 carrying amount 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 (ie 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 carrying value as at 30 June. 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.

21. EXPENDITURE COMMITMENTS

	1999 \$	1998 \$
a. <u>Future Lease Rental Commitments</u>		
Operating lease payments under existing lease arrangements for building accommodation, are payable over the following periods:-		
Within 1 year	61,195	36,930
1 to 2 years	63,955	-
2 to 5 years	154,414	-
over 5 years	-	-
	<u>279,564</u>	<u>36,930</u>

22. FINANCIAL COMMITMENTS

a. Outstanding Loan Commitments

The loans approved but not funded as at 30 June 1999 amount to \$1,292,048 (1998 \$613,391)

The payment of these funds is subject to available liquid funds.

b. Undrawn Loan Facilities

Loan facilities available to members for Line of Credit Loans and Visa Credit Limits, are as follows:

	1999 \$	1998 \$
Total value of facilities approved	450,600	-
Amount advanced	<u>309,958</u>	-
Net undrawn value	<u>140,642</u>	-

These commitments are contingent on members maintaining credit standards and on-going repayment terms on amounts drawn.

23. STANDBY BORROWING FACILITIES

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

	Gross	1999 Current Borrowing	Net Available
	\$	\$	\$
Loan Facility	500,000	-	500,000
Overdraft Facility	350,000	-	350,000
Other	-	-	-
	<u>850,000</u>	<u>-</u>	<u>850,000</u>
 <u>1998 Comparative</u>			
	Gross	1998 Current Borrowing	Net Available
	\$	\$	\$
Loan Facility	500,000	-	500,000
Overdraft Facility	350,000	-	350,000
Other	-	-	-
	<u>850,000</u>	<u>-</u>	<u>850,000</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.

24. CONTINGENT LIABILITIES

a. Co-Processing Pty Limited

The Credit Union has no Guarantees in place in respect of Co-Processing Pty Ltd.

b. Emergency Liquidity Support Scheme

The Credit Union is a member of the Credit Union Financial Support System Limited (CUFSS) a company established to provide financial support to Credit Unions in the event of a liquidity or capital problem arising. As a member the Credit Union is committed to maintaining an amount equivalent to 9% of total liabilities in deposits with CUSCAL, of which 3% may be used by CUFSS for providing financial support backed by a floating charge over assets of the borrowing Credit Union. No funds have been so provided at 30 June 1999 to Credit Unions under the scheme.

25. DISCLOSURES ON DIRECTORS

a. Names of Directors

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

P M Murphy
 N J Hancock
 W J Peachman
 R G Morgan
 W H Randell (resigned 19.8.98)
 V Taranto (appointed 19.8.98)
 S A Kemp
 M W De Boos

b. Remuneration

The aggregate remuneration of directors during the year was \$Nil (1998 \$Nil).

c. Loans to Directors

	1999	1998
	\$	\$
(i) The aggregate value of loans and credit facilities to Directors and/or spouses of the Directors at balance date, amounted to:	<u>136,809</u>	<u>156,682</u>
(ii) During the year the aggregate value of loans disbursed to directors and/or the spouses of directors amounted to:		
Term Loans	16,957	26,760
Revolving Credit Facilities	<u>19,936</u>	<u>-</u>
	<u>36,893</u>	<u>26,760</u>

Directors concerned with the above disbursements were:

P M Murphy

All loans disbursed to directors and/or their spouses were approved on the same terms and conditions which applied to members generally for each class of loan.

	1999	1998
	\$	\$
(i) The aggregate value of repayments against loans and credit facilities to Directors and/or the spouses of directors amounted to:		
Term Loans	31,481	23,079
Revolving Credit Facilities	<u>1,536</u>	<u>-</u>
	<u>33,017</u>	<u>23,079</u>

Directors concerned with the above repayments were:

R G Morgan
P M Murphy
M W De Boos

There are no loans to directors and/or their spouses which are currently behind in the contractual repayments. All loan repayment conditions during the year have been met.

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.

26. EXECUTIVE OFFICERS

There were no Officers who have income in excess of \$100,000.

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 a Special Services Provider (SSP) registered under the AFIC Legislation.

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 PLA and operating liquid assets with the entity to maximise return on funds, and to comply with the Emergency Liquidity Support requirements under the AFIC Prudential Standards.

b. First Data Resources Australia Limited (FDRA)

This company 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 company operates the Computer 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 relevant Prudential Standards.

d. **Roads and Traffic Authority (NSW)**

The trading activities of the Credit Union are dependent upon a membership Which consists largely of employees of the above Authority, their families and friends.

28. **SEGMENTAL REPORTING**

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

29. **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:

	1999	1998
	\$	\$
Cash on Hand	35,000	35,000
Deposits at Call	398,052	1,486,912
Bank Overdraft	-	-
	<u>433,052</u>	<u>1,521,912</u>

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 Tax	383,531	350,315
Add:		
Increases in interest payable	-	-
Provisions for Loans	44,500	45,500
Amortisation	3,336	3,335
Depreciation	69,758	45,519
Provision for Staff Leave	11,384	10,602
Provision for Income Tax	11,843	56,785
Accrued expenses	-	153,569
Loss on Sale of Assets	570	-
Bad Debts Written Off	8,760	17,157
Provisions Other	-	29,500
Add: Decreases in		
Prepayments	-	774
Interest Receivable	-	107,566
Sundry Debtors	116,843	1,308
	<u>266,994</u>	<u>471,615</u>
Deduct:		
Contingency Fund Contribution	91,954	-
Other Provision	19,940	-
Accrued Expenses	8,686	-
Deferred Tax Liability	6,431	279
Increase in Prepayments	933	-
Increase in FITB	7,554	11,858
Increase in Other Assets	13,300	-
Decrease in Interest Payable	49,189	58,520
	<u>197,987</u>	<u>70,657</u>
Net Cash from Operating Activities	<u>452,538</u>	<u>751,273</u>

AUDITOR'S REPORT TO THE MEMBERS OF
RTA STAFF CREDIT UNION LIMITED

SCOPE

We have audited the accounts being the Statement by Directors, Profit and Loss Statement, Balance Sheet, Statement of Cash Flows and notes to and forming part of the accounts, of RTA Staff Credit Union Limited for the year ended 30 June 1999. The Credit Union's directors are responsible for the preparation and presentation of the accounts and the information they contain. We have conducted an independent audit of these accounts in order to express an opinion on them to the members of the Credit Union.

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

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

Audit Opinion

In our opinion, the accompanying accounts of RTA Staff Credit Union Limited are properly prepared so as to give a true and fair view of the financial position of the Credit Union as at 30 June 1999, and the results of its operations and its cash flows for the year ended on that date, in accordance with:

- a. the provisions of the Financial Institutions (NSW) Code; and
- b. applicable Accounting Standards and other mandatory professional reporting requirements.

Kendalls
Chartered Accountants



N.E. SINCLAIR (Partner)
North Parramatta, 23rd day of September 1999

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.

Fixed Term Deposits

A range of fixed term deposits from 3 months to 3 years offering competitive interest Rates. Interest is set and based on term and amount of deposit and can be paid 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**
 - 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 OR 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:

MAIL: PO Box K198
HAYMARKET NSW 1238

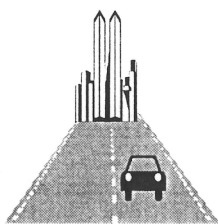
HEAD OFFICE : Level 2, KMS Building
8-24 Kippax Street
SURRY HILLS

TELEPHONE: (02) 9218 6604
(Sydney Metro)

PHONETELLER: 1300 652274 or
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(Country and Interstate)

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"Your Road To Financial Success"

