



# **FIREFIGHTERS & AFFILIATES CREDIT CO-OPERATIVE LTD**

## **Concise 34th Annual Report**

**2009**

ABN 68 087 651 429  
AFS 240898

**FIREFIGHTERS & AFFILIATES CREDIT CO-OPERATIVE  
LIMITED**

**ABN 68 087 651 429**

**ANNUAL FINANCIAL REPORT  
YEAR ENDED 30 JUNE 2009**

The concise financial report is an extract from the full financial report of Firefighters & Affiliates Credit Co-operative Limited. The financial statements and specific disclosures included in the concise financial report have been derived from the full financial report of Firefighters & Affiliates Credit Co-operative Limited, and cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Co-operative as the full financial report.

Further financial information can be obtained from Firefighters & Affiliates Credit Co-operative Limited's full financial report, a copy of which, including the independent auditor's report, is available to all members.

## CHAIRMAN'S REPORT

Dear Fellow Members

On behalf of the Board of Directors, I hereby report on the progress of Fire Fighters & Affiliates Credit Co-operative over the past year.

### REVIEW OF OPERATIONS

The financial result fell below expectations due to the unprecedented decline in interest rates experienced during the year, however the result is considered to be very satisfactory in light of the current difficult economic climate

Our surplus for the year was \$ 75,000 after tax (2008: \$335,000). Deposits at the 30 June, 2009 were \$33.9M (2008 \$31.6M) a increase of 7 % . Loans outstanding amounted to \$ 33.2M( 2008 \$31.2M) an increase of 6 % over than last year. Asset growth continued with an 8% increase for the year with on balance sheet assets now totalling in excess of \$41M

### AVAILABILITY OF FUNDS:

Liquidity has reduced marginally over the past year, however we are in a good position to meet loan demands. As always, the ability to provide loans is somewhat restricted by the quantity and quality of loan applications submitted for approval, and the receipt of deposit funds from members.

### SECURITY OF DEPOSITS:

Funds invested with Firefighters & Affiliates Credit Co-operative remain well protected. This is assured because:

- (a) Directors adopt a conservative approach to loan approvals.
- (b) The Credit Union is a member of Credit Union Financial Support Scheme (CUFSS)
- (c) It is our policy to maintain a liquidity level consistent or above that of the requirements of our regulators.
- (d) The Government Guarantee on deposits up to \$1M

### INTEREST RATES:

Interest rates have shown a marked decline within the Financial Year, and the strategies to maintain the financial health of the credit union employed by the Board were successful during this difficult period. It involved careful monitoring and management of interest rate risk where the Board have continually adjusted the Credit Union's retail interest rates consistent with the market to ensure it remains competitive during these difficult economic climate.

SUMMARY:

The global financial downturn has impacted on the Board's ability to project a reasonable level of profitability over the next 12 months, however it is expected that profitability will be positive and consistent with maintaining an acceptable financial position.

The Board is concentrating its resources for the year on careful management of balance sheet growth and a mix of assets that ensure a strong capital position is maintained. Included in this is the volatile interest rate market which requires management to ensure margins are maintained resulting in the appropriate income being generated to cover operating costs. Capital growth during the year is expected to continue however at a slower rate due to smaller profits being generated.

In summary, the Board is confident that the Credit Union's robust financial position is capable of surviving the current economic situation.

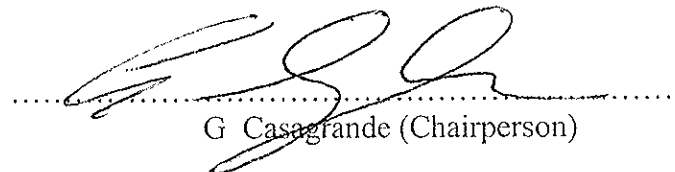
PREMISES

Due to the expiry of the lease on our Preston site and the non renewal by BOC, after much research, the Board has decided to remodel the Fitzroy office and this is currently underway, with completion expected late November 2009. Whilst this is happening the Fitzroy office has temporarily relocated to the Preston Branch and then the organisation will be totally moving back to the remodelled Fitzroy office in late 2009 on completion of the renovations.

Another significant change that occurred is the replacement of our core banking system at considerable cost in both time and capital. This migration has now been finalised in late May 2009.

The Board appreciates the continued loyalty of its members, and assures members that its primary objective remains at all times to serve their best interests.

I would like to thank all those involved in the Credit Co-operative over the past year, our General Manager – Mike Enticott and his staff who continue to provide an excellent level of service, and my fellow Directors for their involvement and commitment over the past twelve months.



.....  
G Casagrande (Chairperson)

## CONCISE FINANCIAL REPORT

### Directors' report

The directors of Firefighters & Affiliates Credit Co-operative Limited submit herewith the annual financial report of the Co-operative for the financial year ended 30 June 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the Co-operative during or since the end of the financial year are:

**A Roberts, MAMI**, Director since July 2006.  
Retired Firefighter- Melbourne Fire and Emergency Services Board  
Facilitator: Human Resources Portfolio

**T Teklenburg, MAMI**, Director since September 1998.  
Retired General Manager & Secretary of the Firefighters & Affiliates Credit Co-operative Limited.  
Facilitator: Corporate Governance Portfolio

**B D Robertson, AFSM, MAMI, Diploma Financial Services**,  
Director since November 2002.  
Retired Firefighter, Vice President Fire Services Museum  
Facilitator: Marketing Committee Portfolio

**G O Casagrande, MAMI, (Chairman)** Director since October 2004.  
Former Melbourne Fire and Emergency Services Board employee of the Technical Services Division.

**R Allen, MAMI, FNIA** Director since April 2007  
Registered Tax Agent, Retired Public Accountant and Fellow of the National Institute of Accountants.

**T Hall, MAMI**, Director since January 2005  
Retired BOC employee and former Chairman of IMG Credit Union Ltd

**G Bester, (Deputy Chairman)MAMI**, Director since January 2005  
Former IMG Credit Union Director  
Facilitator: Finance Committee Portfolio

**G Skliris, MAMI, Associate Director**, Appointed November 2008

**W Weir, MAMI, Associate Director**, Appointed November 2008

Each Director holds one (1) ordinary shares in the Co-operative.

### **Principal Activity**

The principal activity of the Co-operative is to raise funds from the Co-operative's members to enable it to provide best possible financial services to its members.

No significant change in the nature of the activity has occurred during the year.

### **Operating Results**

During the year the Co-operative earned an operating surplus of \$ 75,000 (2008: \$335,000) after allowing for income tax expense of \$29,000 (2008 \$130,000).

### **Review of Operations**

A review of operations and the results thereof are set out in the report by the Chairman and in the accounts.

### **Changes in the State of Affairs**

There were no significant changes in the state of the affairs of the Co-operative during the year.

### **Subsequent events**

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Co-operative, the results of those operations, or the state of affairs of the Co-operative in future financial years with the exception of the following matter:

### **Future developments**

Disclosures of information regarding likely developments in the operations of the Co-operative in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Co-operative. Accordingly, this information has not been disclosed in this report.

### **Environmental Regulation**

The directors are of the opinion that the Co-operative has complied with all relevant legislation. The Co-operative is not subject to any specific environmental licensing regulations.

### Directors' Benefits

During or since the financial year no Director of the Co-operative has received or become entitled to receive, any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the accounts or the fixed salary of a full-time employee of the Co-operative) by reason of a contract made by the Co-operative with any Director, or with a firm of which a Director has a substantial financial interest.

### Directors Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the numbers of meetings attended by each director were as follows:

	<b>Directors Meetings (Total held: 12)</b>	<b>Committee Meetings attended</b>
G Skliris	6	3
A Roberts	10	6
R Allen	11	6
T Teklenburg	10	20
B Robertson	11	9
G Casagrande	9	1
T Hall	6	1
G Bester	10	5
W Weir	6	1

### Indemnifying Officer or Auditor

Insurance premiums have been paid to insure each of the directors and officers of the Co-operative, 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 Co-operative. 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 Co-operative.

### Proceedings on Behalf of Co-operative

No person has applied for leave of Court to bring proceedings on behalf of the Co-operative or intervene in any proceedings to which the Co-operative is a party for the purpose of taking responsibility on behalf of the Co-operative for all or any part of those proceedings.

### Non-audit Services

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2009:

	\$
Taxation services	5,000
	<u>5,000</u>

### Auditor's Independence Declaration

The auditor's independence declaration is included on page 8 of the annual report.

### Rounding

The Co-operative is a Co-operative of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Director

Dated Melbourne: 17<sup>th</sup> November 2009



Director



The Board of Directors  
Firefighters and Affiliates Credit Co-operative Limited  
408 Brunswick Street  
FITZROY VIC 3065

Dear Board Members,

### **Firefighters and Affiliates Credit Co-operative Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Firefighters and Affiliates Credit Co-operative Limited.

As the lead audit partner for the audit of the financial statements of Firefighters and Affiliates Credit Co-operative Limited for the financial year ended 30 June 2009, I declare to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

Deloitte Touche Tohmatsu

A Sloman  
Partner  
Chartered Accountants  
Melbourne: October 2009

## Income statement for the financial year ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
Interest Revenue	3	2,895	2,916
Interest Expense	3	<u>(1,343)</u>	<u>(1,117)</u>
Net Interest Revenue	3	1,552	1,799
Other revenue	4	<u>367</u>	<u>320</u>
<b>Total Operating Income</b>		<b>1,919</b>	<b>2,119</b>
Bad and doubtful debts	5	(53)	(38)
Other expenses	5	<u>(1,762)</u>	<u>(1,616)</u>
<b>Profit before income tax expense</b>		<b><u>104</u></b>	<b><u>465</u></b>
Income tax expense		(29)	(130)
<b>Net Profit after Income tax expense</b>		<b><u>75</u></b>	<b><u>335</u></b>

The accompanying notes should be read in conjunction with these financial statements

## Balance sheet as at 30 June 2009

	Note	2009 \$'000	2008 \$'000
<b>Assets</b>			
Cash and cash equivalents		139	796
Accrued receivables		39	46
Financial assets held to maturity		5,900	5,200
Loans and advances		33,275	31,165
Financial assets available for sale		141	141
Current tax assets		35	-
Property, plant and equipment		1,187	1,142
Intangible assets		86	20
Other assets		98	78
<b>Total Assets</b>		<b>40,900</b>	<b>38,588</b>
<b>Liabilities</b>			
Deposits		33,910	31,621
Interest bearing liabilities		2,548	2,466
Trade and other payable		142	217
Income Tax Payable		-	81
Deferred tax liabilities		10	14
Provisions		183	157
<b>Total Liabilities</b>		<b>36,793</b>	<b>34,556</b>
<b>Net Assets</b>		<b>4,107</b>	<b>4,032</b>
<b>Members' fund</b>			
Reserves		1,684	1,670
Retained profits		2,423	2,362
<b>Total members' funds</b>		<b>4,107</b>	<b>4,032</b>

The accompanying notes should be read in conjunction with these financial statements

## Statement of changes in equity for the financial year ended 30 June 2009

	Asset Revaluation Reserve \$'000	General Reserve \$'000	Reserve for Credit Losses \$'000	Retained Profits \$'000	Total \$'000
<b>Balance as at 1 July 2007</b>	843	700	104	2,050	3,697
Profit attributable to members	-	-	-	335	335
Transfer to reserve	-	-	23	(23)	-
<b>Balance as at 30 June 2008</b>	<u>843</u>	<u>700</u>	<u>127</u>	<u>2,362</u>	<u>4,032</u>
Profit attributable to members	-	-	-	75	75
Transfer to reserve	-	-	14	(14)	-
<b>Balance as at 30 June 2009</b>	<u>843</u>	<u>700</u>	<u>141</u>	<u>2,423</u>	<u>4,107</u>

The accompanying notes should be read in conjunction with these financial statements

## Cash flow statement for the financial year ended 30 June 2009

	2009 \$'000	2008 \$'000
<b>Cash flows from operating activities</b>		
Interest received	2,849	2,902
Other non-interest income received	367	319
Interest paid	(1,412)	(1,109)
General expenses paid	(1,651)	(1,604)
Income tax paid	(149)	(83)
Net cash provided by operating activities	4	425
 <b>Cash flows from investing activities</b>		
Net decreases in loans	(2,110)	(574)
Payments for property, plant and equipment	(262)	(51)
Proceeds from sales of property, plant and equipment	40	15
Net redemption of investment securities	(700)	(1,350)
Net cash used in investing activities	(3,032)	(1,960)
 <b>Cash flow from financing activities</b>		
Repayment of borrowings	(450)	-
Proceeds from borrowing	-	2,250
Net increase/decrease in members' deposits	2,289	(345)
Net cash provided by financing activities	1,839	1,905
 <b>Net (decrease) / increase in cash held</b>	<b>(1,189)</b>	<b>370</b>
<b>Add Opening Cash Brought Forward</b>	<b>580</b>	<b>210</b>
<b>Closing Cash Balance</b>	<b>(609)</b>	<b>580</b>

The accompanying notes should be read in conjunction with these financial statements

## **Notes to the concise financial statements for the financial year ended 30 June 2009**

### **NOTE 1: Basis of preparation**

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 'Concise Financial Reports'. The concise financial report, including the financial statements and specific disclosures included in the concise financial report, has been derived from the full financial report of Firefighters & Affiliates Credit Co-operative Limited.

All amounts are presented in Australian dollars.

A full description of the accounting policies adopted by the Co-operative is provided in the notes to the financial statements which form part of the full financial report.

### **NOTE 2: Adoption of new and revised Accounting Standards**

In the current year, the Co-operative has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

#### **Standards and Interpretations issued not yet effective**

At the date of authorisation of the financial report, the directors anticipate that the adoption of Standards and Interpretations that were issued but not yet effective will have no material financial impact on the financial statements of the Co-operative.

**NOTE 3: INTEREST REVENUE AND INTEREST EXPENSE**

The following tables show the average balance for each of the major categories of interest-bearing assets and liabilities, the amount of interest revenue or expense and the average interest rate. Most averages are month end averages.

	Average Balance \$'000	Interest \$'000	Average Rate %
<b>Interest revenue 2009</b>			
Investment securities	5,900	377	4.58
Loans and advances	<u>33,275</u>	<u>2,518</u>	<u>6.37</u>
	<u>39,175</u>	<u>2,895</u>	<u>6.45</u>
<b>Interest expense 2009</b>			
Customer deposits	<u>33,872</u>	<u>1,343</u>	<u>4.12</u>
Net interest income	<u>5,303</u>	<u>1,552</u>	<u>2.33</u>
<b>Interest revenue 2008</b>			
Investment securities	5,200	397	6.68
Loans and advances	<u>31,026</u>	<u>2,519</u>	<u>8.93</u>
	<u>36,226</u>	<u>2,916</u>	<u>8.87</u>
<b>Interest expense 2008</b>			
Customer deposits	<u>31,533</u>	<u>1,117</u>	<u>4.12</u>
Net interest income	<u>4,693</u>	<u>1,799</u>	<u>4.75</u>

**NOTE 4: REVENUE**

<b>Interest revenue</b>	<b>2,895</b>	<b>2,916</b>
<b>Non Interest Income</b>		
Fee income	130	157
Insurance commission	21	22
Other commission	157	103
Bad debts recovered	11	18
Other income	48	20
<b>Total Non interest revenue</b>	<u>367</u>	<u>320</u>
<b>Total Revenue</b>	<u>3,262</u>	<u>3,236</u>

**NOTE 5: PROFIT BEFORE INCOME TAX**

Profit from before income tax has been determined after:

**Expenses:**

<b>Interest expenses</b>	<u>1,343</u>	<u>1,117</u>
<b>Non interest expenses</b>		
(i) Bad and doubtful debts		
- Other persons/bodies corporate	<u>53</u>	<u>38</u>
(ii) Depreciation and amortisation of property, plant and equipment		
- Leasehold improvements	13	2
- Plant and equipment	91	68
- Buildings	7	7
	<u>111</u>	<u>77</u>
General Administration		
- Personnel costs	484	453
- Other	1,052	986
Other provisions		
- Provision for employee entitlements	34	19
Superannuation contributions		
- Defined contribution fund	<u>81</u>	<u>81</u>
<b>Total Non interest expenses</b>	<u>1,762</u>	<u>1,616</u>



## Directors' declaration

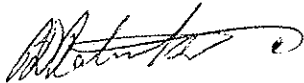
The directors declare that:

- (a) in the directors' opinion, the attached financial statements and notes thereto comply with Accounting Standard AASB 1039 'Concise Financial Reports'; and
- (b) the attached financial statements and notes thereto have been derived from the full financial report of the company.

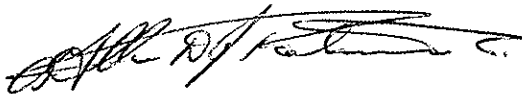
Signed in accordance with a resolution of the directors.

On behalf of the Directors

Director



Director



Dated at Melbourne: 17<sup>th</sup> November 2009