

A stylized flame logo in orange and yellow, positioned behind the company name.

FIREFIGHTERS & AFFILIATES CREDIT CO-OPERATIVE LTD

CONCISE 37th ANNUAL REPORT

2012



ABN 68 087 651 429
AFSL 240898
Australian Credit Licence 240898

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

ABN 68 087 651 429

**CONCISE REPORT FOR THE
YEAR ENDED 30 JUNE 2012**

The concise financial report is an extract from the full financial report for the year ended 30 June 2012. The financial statements and disclosures in the concise financial report have been derived from the 2012 full financial report of Firefighters & Affiliates Credit Co-operative Limited. A copy of the full financial report and auditor's report will be sent to any member, free of charge, upon request.

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 continued decline in demand for housing and personal loans and increased deposit growth. The continued downwards pressure on interest rates has also had an effect on profitability as the Credit Union has in the past offered interest rates above market to allow members unprecedented returns on their investments, whilst maintaining competitive lending interest rates. Given these factors, the result is considered to be satisfactory despite the current difficult economic climate.

Our surplus for the year was \$ 42,000 after tax (2011: \$41,000). Deposits at the 30 June, 2012 were \$41.8 (2011 \$38.1m) an increase of 9.7 %. Loans outstanding amounted to \$32m (2011 \$31.4m) an increase of 1.90% over than last year.

Asset growth continued with a 6.7% increase for the year with on balance sheet assets now totalling in excess of \$46m.

AVAILABILITY OF FUNDS:

Liquidity has again increased over the past year, and we are in a good position to meet loan demands and service our debts currently. 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.

INTEREST RATES:

Interest rates continued to decrease in this Financial Year, and the strategies to maintain the financial health of the credit union employed by the Board have been 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 this difficult economic climate. The strategies put in place by the Board continue to ensure that the Credit Union remains competitive.

SUMMARY:

The volatile economic climate during the year has impeded the Board's ability to project a reasonable level of profitability over the past 12 months; however it is expected that profitability will be positive and consistent with maintaining an acceptable financial position. The continual increasing cost of financial regulatory compliance with all the required financial regulators is also placing an ever increasing burden on profitability.

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, which includes maintaining the high standard of loan assessment, meeting all the regulatory compliance requirements.

Included in this is a decreasing interest rate market which requires management to ensure margins are maintained resulting in the appropriate income being generated to cover operating costs.

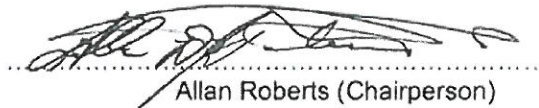
Once again the Board returned profits to members with the introduction of a member loyalty program, providing members with additional fee free transactions in consideration for the support and loyalty to the Credit Union. A retirees account with additional member benefits has also been introduced which will allow retirees greater flexibility with access to their finances whilst obtaining a greater return on their investment with the Credit Union.

Capital growth during the year is expected to continue however at a slower rate due to smaller profits being generated.

I am also happy to report to members that all prudential standards and requirements are being adhered to and that the Credit Union has sufficient allocated provisions for bad debts, in accordance with prudential standards.

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 appreciate and thank those members for supplying and donating firefighting memorabilia to dress up your Credit Union.

To all my directors who are committed to work hard to ensure that you Credit Union continues to prosper and provide its excellent services to members well into the future a big thank you. I would like to thank all those involved in the Credit Union 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.



.....
Allan Roberts (Chairperson)

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 2012. 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, (Chairman), 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 and Secretary of the Firefighters & Affiliates Credit Co-operative Limited
Facilitator: Corporate Governance Portfolio

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

R Allen, MAMI, FNIA, (Deputy Chairman) 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, MAMI, Director since January 2005
Former IMG Credit Union Director
Facilitator: Finance Committee Portfolio

P Flavell, CPA, MAMI, Associate Director since November 2009
Former Melbourne Fire and Emergency Services Board employee of the Finance Division at Eastern Hill

W Weir, MAMI, Director since November 2009
Firefighter, Melbourne Fire and Emergency Services Board

Each Director holds one (1) ordinary share 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 \$42,000 (2011: \$41,000) after allowing for income tax expense of \$3,000 (2011: \$12,000).

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 was no significant change in the state of 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.

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:

	Directors Meetings (Total held: 12)	Committee Meetings attended
P Flavelle	12	2
A Roberts	12	1
R Allen	8	5
T Teklenburg	11	11
B Robertson	11	2
T Hall	9	1
G Bester	10	7
W Weir	9	0

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, disclosure of the premium 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 2012:

	\$
Taxation services	-
	-

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:



Director

FIREFIGHTERS & AFFILIATES CREDIT CO-OPERATIVE LTD**ABN 68 087 651 429****AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF FIREFIGHTERS & AFFILIATES CREDIT CO-OPERATIVE LTD**

I declare that, to the best of my knowledge and belief, during the period ended 30 Jun 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.


JEFFREY THOMAS & PARTNERS
Chartered Accountants


Sam Claringbold
Partner

Signed at Melbourne this 23rd day of October 2012

Statement of comprehensive income for the financial Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
Interest revenue	2	2,901	2,826
Interest expense	2	(1,420)	(1,269)
Net interest revenue	2	1,481	1,557
Other revenue	3	294	319
Total Operating Income		1,775	1,876
Employee Expenses	4	(669)	(672)
Administration	4	(899)	(990)
Depreciation and Amortisation	4	(154)	(151)
Bad and doubtful debts	4	(8)	(10)
Profit before income tax expense		45	53
Income tax expense	5	(3)	(12)
Net Profit after Income tax expense		42	41
Other Comprehensive Income			
Gain arising on revaluation of land and buildings		-	-
Total Comprehensive Income		42	41

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

Statement of financial position as at 30 June 2012

	Note	2012 \$'000	2011 \$'000
Assets			
Cash and cash equivalents	6	228	234
Accrued receivables	7	54	90
Financial assets held to maturity	8	11,708	9,193
Loans and advances	9	32,019	31,438
Financial assets	10	139	139
Property, plant and equipment	11	2,503	2,570
Intangible assets	12	222	262
Other assets	13	71	69
Income tax receivable	5(c)	27	11
Deferred Tax Asset	5(d)	-	4
Total Assets		<u>46,971</u>	<u>44,010</u>
Liabilities			
Deposits	14	41,806	38,108
Interest bearing liabilities	15	-	600
Trade and other payable	16	281	432
Deferred tax liability	5(d)	8	-
Provisions	17	180	216
Total Liabilities		<u>42,275</u>	<u>39,356</u>
Net Assets		<u>4,696</u>	<u>4,654</u>
Members' fund			
Reserves		2,056	2,056
Retained profits		<u>2,640</u>	<u>2,598</u>
Total Members' Funds		<u>4,696</u>	<u>4,654</u>

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

Statement of changes in equity for the financial Year Ended 30 June 2012

	Asset Revaluation Reserve \$'000	General Reserve \$'000	Reserve for Credit Losses \$'000	Retained Profits \$'000	Total \$'000
Balance as at 1 July 2010	1,210	700	146	2,557	4,613
Net profit	-	-	-	41	41
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	41	41
Balance as at 30 June 2011	<u>1,210</u>	<u>700</u>	<u>146</u>	<u>2,598</u>	<u>4,654</u>
Net profit	-	-	-	42	42
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	42	42
Balance as at 30 June 2012	<u>1,210</u>	<u>700</u>	<u>146</u>	<u>2,640</u>	<u>4,696</u>

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

Statement of cash flows for the financial Year Ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Interest received		2,937	2,796
Other non-interest income received		294	309
Interest paid		(1,425)	(1,269)
General expenses paid		(1,752)	(1,461)
Income tax paid		(7)	(23)
Net cash provided by operating activities	19(b)	47	352
Cash flows from investing activities			
Net (decreases)/increases in loans		(589)	(187)
Payments for property, plant and equipment and software		(47)	(234)
Proceeds from sales of property, plant and equipment		-	53
Net redemption of investment securities		(2,515)	(2,484)
Net cash used in investing activities		(3,151)	(2,852)
Cash flow from financing activities			
Repayment of borrowings		(600)	(1,200)
Net increase in members' deposits		3,698	3,689
Net cash provided by financing activities		3,098	2,489
Net (decrease)/increase in cash held		(6)	(11)
Add Opening Cash Brought Forward		234	245
Closing Cash Balance	19(a)	228	234

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

NOTE 1: Basis of Preparation of the Concise Financial Report

The concise financial report is an extract from the full financial report for the year ended 30 June 2012. The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports, and Corporations Act 2001.

The financial statements, specific disclosures and other information included in the concise financial report are derived from, and are consistent with, the full financial report of Firefighters & Affiliates Credit Co-operative Limited. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of Firefighters & Affiliates Credit Co-operative Limited as the full financial report. A copy of the full financial report and auditor's report will be sent to any member, free of charge, upon request.

The presentation currency used in this concise financial report is Australian dollars.

The entity has applied for relief available to it under ASIC Class Order 98/100 and accordingly amounts in this concise financial report have been rounded to the nearest \$ 000's.

NOTE 2: 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 %
Interest revenue 2012			
Investment securities	11,708	401	4.18
Loans and advances	32,028	2,500	7.00
	<u>43,736</u>	<u>2,901</u>	<u>7.06</u>
Interest expense 2012			
Customer deposits	<u>41,806</u>	<u>1,420</u>	<u>3.70</u>
Net interest income	<u>1,930</u>	<u>1,481</u>	<u>3.36</u>
Interest revenue 2011			
Investment securities	9,402	417	4.51
Loans and advances	31,294	2,409	7.42
	<u>40,696</u>	<u>2,826</u>	<u>7.49</u>
Interest expense 2011			
Customer deposits	<u>38,069</u>	<u>1,269</u>	<u>3.81</u>
Net interest income	<u>2,627</u>	<u>1,557</u>	<u>3.68</u>

NOTE 3: REVENUE

	2012 \$'000	2011 \$'000
Interest revenue	2,901	2,826
Non Interest Income		
Fee income	166	168
Insurance commission	20	20
Other commission	62	112
Bad debts recovered	12	12
Other income	34	7
Total Non interest revenue	<u>294</u>	<u>319</u>
Total Revenue	<u>3,195</u>	<u>3,145</u>

Directors' declaration

In accordance with a resolution of the directors of Firefighters & Affiliates Credit Co-operative Limited, the directors of the company declare that the concise financial report of Firefighters & Affiliates Credit Co-operative Limited for the financial year ended 30 June 2012, as set out on pages 1 to 15.

- (a) complies with Accounting Standard AASB1039: Concise Financial Reports; and
- (b) is an extract from the full financial report for the year ended 30 June 2012 and has been derived from and is consistent with the full financial report of Firefighters & Affiliates Credit Co-operative Limited.

On behalf of the Directors



Director



Director

Dated at Melbourne:

FIREFIGHTERS & AFFILIATES CREDIT CO-OPERATIVE LTD**ABN 68 087 651 429****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FIREFIGHTERS & AFFILIATES CREDIT CO-OPERATIVE LTD****Report on the Concise Financial Report**

We have audited the accompanying concise financial report of Firefighters & Affiliates Credit Co-Operative Ltd., which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and related notes, derived from the audited financial report of Firefighters & Affiliates Credit Co-Operative Ltd, for the year ended 30 June 2012 as well the discussion and analysis. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Directors' Responsibility for the Concise Financial Report

The directors are responsible for the preparation of the concise financial in accordance with Australian Accounting Standard AASB 1039: Concise Financial Report, and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our procedures which were conducted in accordance with Auditing standard ASA810: Engagement to Report on Summary Financial Statements. We have conducted an independent audit, in accordance with Australian Auditing Standards, of Firefighters & Affiliates Credit Co-Operative Ltd, for the year ended 30 June 2012. We expressed an unmodified audit opinion on that financial report in our report dated 23/10/2012. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts, discussion and analysis which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion on whether, in all material respects, the concise financial report complies with AASB 1039: Concise Financial Reports and whether the discussion and analysis complies with the requirements laid down in AASB 1039: Concise Financial Reports.

The concise financial report and the audited financial report do not reflect the effects of events that occurred subsequent to the date of the auditor's report on the audited financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion, the concise financial report including the discussion and analysis of Firefighters & Affiliates Credit Co-Operative Ltd for the year ended 30 June 2012 complies with Accounting Standard AASB 1039: Concise Financial Reports.


JEFFREY THOMAS & PARTNERS
Chartered Accountants


SAM CLARINGBOLD
Partner

Signed at Melbourne this 14th day of November 2012