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**Firefighters  
Credit Union**

# FIREFIGHTERS & AFFILIATES CREDIT CO-OPERATIVE LTD

## Concise

## 38th ANNUAL REPORT

## 2013



ABN 68 087 651 429

AFSL 240898

Australian Credit Licence 240898



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

**ABN 68 087 651 429**

**CONCISE REPORT FOR THE  
YEAR ENDED 30 JUNE 2013**

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The concise financial report is an extract from the full financial report for the year ended 30 June 2013. The financial statements, specific disclosures and other information included in the concise financial report are derived from, and consistent with, the corresponding 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 financial investing activities of Firefighters & Affiliates Credit Co-operative Limited as the full report.

Copies of the full financial report and auditor's report containing more detailed information, can be obtained free of charge on request by contacting the registered office of Firefighters & Affiliates Credit Co-operative Limited on (03) 8417 1777.

## 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.

### INFORMATION ON FIRE FIGHTERS & AFFILIATES CREDIT CO-OPERATIVE LIMITED CONCISE FINANCIAL REPORT

This discussion and analysis is provided to assist members in understanding the concise financial report. This discussion and analysis is based on Fire Fighters & Affiliates Credit Co-operative Limited financial statements and the information contained in the concise financial report has been derived from the 2013 full financial report of Fire Fighters & Affiliates Credit Co-operative Limited.

### REVIEW OF OPERATIONS

The financial result was marginally above expectations due to tax adjustments, however the impacts of continued decline in demand for housing and personal loans, is of concern against the continued deposit growth together with the continued downwards pressure on interest rates, has also had an effect on profitability of the Credit Union. In the past the Credit Union has had the ability to offer interest rates above market to allow members unprecedented returns on their investments, whilst maintaining competitive lending interest rates. This is not sustainable in the current economic climate. Given these factors, the result is considered to be satisfactory despite the current difficult economic climate.

Our surplus for the year was \$ 92,000 after tax (2012: \$42,000). Deposits at the 30 June, 2013 were \$44.6m (2012 \$41.8m) an increase of 6.7 %. Loans outstanding amounted to \$29.3m (2012 \$32.0m) an decrease of 8.4% over than last year, reflecting the state of the current economic climate where members are saving and not borrowing as in the past. Asset growth continued with a 6.1% increase for the year with on balance sheet assets now totalling in excess of \$49.8m.

### 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, which has included 5 decreases in rates during the 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 relative 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 and 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.

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.

David and I attended Warrnambool CFA Urban Competitions over 3 days in February (Seniors and Juniors) this being the first time The Credit Union has pushed Volunteer Firefighters with information.

Alan King from the Fireman newspaper gave The Credit Union a good write up.

Pat Pereira and I attended the CFA Rural Competitions at Werribee Park 2 days on the 6th and 7th April Michael Enticott also attended on 7th April.

Some directors attended Fire Stations with David and Tsvia Golek on several occasions, in order to gain first hand the needs and concerns that our members have in relation to the Credit Union.

Staff members Mary Dean who has served this Credit Union for some 16 years has elected to retire and Helen McMenamin after some 27 years within the Credit Union industry serving with IMG Credit Union and Firefighters Credit Union also elected to retire. Their assistance to their fellow staff and membership alike will be missed. We have welcomed Liz Vella ex Plenty Credit Union on board in order to fill the gap Mary & Helen leave behind in knowledge, and member service. Please make Liz feel welcome as she comes to understand Firefighters culture, as we are sure she will become the asset that Mary & Helen were to this organization. A special big thank you to Chloe Rush for her help in assisting Liz Vella to settle in to the Credit Union.

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.

To all my Directors who are committed to work hard to ensure that your 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 and Executive Director – Mike Enticott, Rhonda Kirby, David White, Helen McMenamin, Mary Dean, Tsvia Golek, Chloe Rush, and Liz Vella, who continue to provide an excellent level of service, and commitment over the past twelve months to our membership.

.....  
Allan Roberts (Chairperson)

## DIRECTOR'S 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 2013. 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

**T Teklenburg**, , Director since September 1998- Resigned December 2012  
Retired General Manager and Secretary of the Firefighters & Affiliates Credit Co-operative Limited  
Portfolio: Corporate Governance Portfolio

**B D Robertson, AFSM**, Director since November 2002  
Retired Firefighter, Vice President Fire Services Museum  
Portfolio: Human Resources Portfolio

**R Allen, FNIA, (Deputy Chairman)** Director since April 2007  
Registered Tax Agent, Retired Public Accountant and Fellow of the National Institute of Accountants.  
Portfolio: Chair Audit Committee

**T Hall**, Director since January 2005  
Retired BOC employee and former Chairman of IMG Credit Union Ltd  
Portfolio: Marketing Committee Portfolio

**G Bester**, Director since January 2005  
Former IMG Credit Union Director  
Portfolio :: Finance Committee Portfolio

**P Flavelle, CPA**, 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

**M Field, Associate Director** since March 2013  
Firefighter, Melbourne Fire and Emergency Services Board

**P Periera, Associate Director**, since March 2013  
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 \$92,000 (2012: \$42,000) after allowing for income tax revenue/expense of \$17,000 (2012: (\$3,000)).

**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:

	<b>Directors Meetings (Total held: 11)</b>	<b>Committee Meetings attended</b>
P Flavelle	10	1
A Roberts	9	11
R Allen	8	7
T Teklenburg	5	3
B Robertson	9	5
T Hall	11	5
G Bester	11	11
W Weir	10	1
M Field	4	0
P Pereira	3	

### **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 2013:

	\$
Taxation services	3000
	<u>3000</u>

### Auditor's Independence Declaration

The auditor's independence declaration is included on page 7 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



Director

Signed at Melbourne this            day            2013



JT&P ASSURANCE

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**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 2013 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.

**JT&P ASSURANCE  
Chartered Accountants**

**Sam Claringbold  
Partner**

Signed at Melbourne this       day of       2013

## Statement of comprehensive income for the financial YEAR ENDED 30 JUNE 2013

	Note	2013 \$'000	2012 \$'000
Interest revenue	2	2,618	2,901
Interest expense	2	(1,269)	(1,420)
Net interest revenue	2	1,349	1,481
Other revenue	3	294	294
<b>Total Operating Income</b>		<b>1,643</b>	<b>1,775</b>
Employee Expenses	4	(628)	(669)
Administration	4	(723)	(899)
Depreciation and Amortisation	4	(197)	(154)
Bad and doubtful debts	4	(20)	(8)
<b>Profit before income tax expense</b>		<b>75</b>	<b>45</b>
Income tax expense	5	17	(3)
<b>Net Profit after Income tax expense</b>		<b>92</b>	<b>42</b>
<b>Other Comprehensive Income</b>			
Gain arising on revaluation of land and buildings		-	-
<b>Total Comprehensive Income</b>		<b>92</b>	<b>42</b>

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

## Statement of financial position as at 30 JUNE 2013

	Note	2013 \$'000	2012 \$'000
<b>Assets</b>			
Cash and cash equivalents	6	1193	1028
Accrued receivables	7	108	54
Financial assets held to maturity	8	16,181	10,908
Loans and advances	9	29,387	32,019
Financial assets	10	139	139
Property, plant and equipment	11	2,464	2,503
Intangible assets	12	147	222
Other assets	13	93	71
Income tax receivable	5(c)	-	27
Deferred Tax Asset	5(d)	143	-
<b>Total Assets</b>		<u>49,855</u>	<u>46,971</u>
<b>Liabilities</b>			
Deposits	14	44,611	41,806
Income Tax payable	5(c)	8	-
Interest bearing liabilities	15	-	-
Trade and other payable	16	215	246
Deferred tax liability	5(d)	-	8
Provisions	17	233	215
<b>Total Liabilities</b>		<u>45,067</u>	<u>42,275</u>
<b>Net Assets</b>		<u>4,788</u>	<u>4,696</u>
<b>Members' fund</b>			
Reserves		2,056	2,056
Retained profits		2,732	2,640
<b>Total Members' Funds</b>		<u>4,788</u>	<u>4,696</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 2013

	Asset Revaluation Reserve \$'000	General Reserve \$'000	Reserve for Credit Losses \$'000	Retained Profits \$'000	Total \$'000
<b>Balance as at 1 July 2011</b>	1,210	700	146	2,598	4,654
Net profit	-	-	-	42	42
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	42	42
<b>Balance as at 30 June 2012</b>	<u>1,210</u>	<u>700</u>	<u>146</u>	<u>2,640</u>	<u>4,696</u>
Net profit	-	-	-	92	92
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	92	92
<b>Balance as at 30 JUNE 2013</b>	<u>1,210</u>	<u>700</u>	<u>146</u>	<u>2,732</u>	<u>4,788</u>

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

## Statement of cash flows for the financial YEAR ENDED 30 JUNE 2013

	Note	2013 \$'000	2012 \$'000
<b>Cash flows from operating activities</b>			
Interest received		2,618	2,937
Other non-interest income received		218	294
Interest paid		(1,269)	(1,425)
General expenses paid		(1,488)	(1,752)
Income tax paid		25	(7)
Net cash provided by operating activities	18(b)	104	47
<b>Cash flows from investing activities</b>			
Net (decreases)/increases in loans		2,612	(589)
Payments for property, plant and equipment and software		(105)	(47)
Proceeds from sales of property, plant and equipment		23	-
Net redemption of investment securities		(5,373)	(2,515)
Net cash used in investing activities		(2,843)	(3,151)
<b>Cash flow from financing activities</b>			
Repayment of borrowings		-	(600)
Net increase in members' deposits		2,804	3,698
Net cash provided by financing activities		2,804	3,098
<b>Net (decrease)/increase in cash held</b>		65	(6)
<b>Add Opening Cash Brought Forward</b>		228	234
<b>Closing Cash Balance</b>	18(a)	293	228

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 relates to Firefighters & Affiliates Credit Co-operative Limited at the end of the year ended 30 June 2013.

The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports, and Corporations Act 2001. The accounting policies adopted have been consistently applied to all financial periods presented unless otherwise stated.

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 \$1,000.



## 2. INTEREST REVENUE AND INTEREST EXPENSE

The following tables show the balance at 30 June 2013 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.

	2013 Balance \$'000	Interest \$'000	Average Rate %
<b>Interest revenue 2013</b>			
Investment securities	16,181	267	3.84%
Loans and advances	29,367	2,351	6.18%
	<u>45,548</u>	<u>2,618</u>	<u>6.24%</u>
<b>Interest expense 2013</b>			
Customer deposits	44,611	1,269	2.93%
Net interest income	<u>937</u>	<u>1,349</u>	<u>3.31%</u>
<b>Interest revenue 2012</b>			
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>
<b>Interest expense 2012</b>			
Customer deposits	41,806	1,420	3.70
Net interest income	<u>1,930</u>	<u>1,481</u>	<u>3.36</u>

**3. REVENUE**

	<b>2013 \$'000</b>	<b>2012 \$'000</b>
<b>Interest revenue</b>	2,618	2,901
<b>Non Interest Income</b>		
Fee income	182	166
Insurance commission	19	20
Other commission	67	62
Bad debts recovered	5	12
Other income	21	34
<b>Total Non interest revenue</b>	<u>294</u>	<u>294</u>
<b>Total Revenue</b>	<u>2,912</u>	<u>3,195</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 2013, as set out on pages 1 to 14.

- (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 2013 and has been derived from and is consistent with the full financial report of Firefighters & Affiliates Credit Co-operative Limited.



Director



Director

Signed at Melbourne this            day            2013



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## 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 2013, 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 2013 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 2013. We expressed an unmodified audit opinion on that financial report in our report dated 24/10/2012. 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 2013 complies with Accounting Standard AASB 1039: Concise Financial Reports.

JT&P Assurance  
Chartered Accountants

SAM CLARINGBOLD  
Partner

Signed at Melbourne this      day of      2013

